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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Chinese claim Soviet invasion

China has protested strongly to the Soviet Union about an alleged military invasion into north-east China last Tuesday. China says that 30 Soviet troops crossed the Ussuri River border, wounding several peasants. It alleges that the Soviet troops penetrated 4km. into Chinese territory, seizing 14 people who were beaten before they were released.

The incident, the worst for several years, breaks an uneasy truce on the frontier.

China also announced yesterday that Chairman Hua Kuo-feng is to pay an official visit to France. Back and Page 6

Troops quell Iran march

Iranian troops and police stopped a major march in Tehran. Several thousand demonstrators, shouting anti-Shah and anti-Government slogans, were met with tear gas and baton charges. Unconfirmed reports say scores of people were injured. At least 16 people have died in the last four days. There have been no further reports of unrest in provincial towns. The Shah has cancelled all engagements and postponed a state visit to Bulgaria. Page 6

Cell death

Two cars and a van were hijacked and set on fire in Belfast in protest at the death of a man held for questioning about the murder of a policeman. Brian Maguire was reported to have been found hanging by a piece of bed sheeting at Castlereagh interrogation centre.

Split vote

U.S. Senate foreign relations committee split down middle in vote on whether to approve $5bn. worth of war planes to Saudi Arabia, Egypt and Israel. The issue now goes to the full Senate. Arab Americans asked a federal judge to halt arms sales to Israel. They say U.S.-supplied weapons were used illegally in Israel's March 14 invasion of Lebanon. Page 4

Korean fears

North Korea claims that the U.S. is preparing South Korea for war by giving Seoul more planes, tanks, guns, ammunition and rockets to compensate for withdrawal of American forces. North Korean General Han Ju Kyong told the Korean Armistice Commission: "An all-out war could break out at any time." Page 6

Miner killed

One miner killed and another seriously injured in an underground explosion at Bodist Colliery in South Wales. An inquiry into the cause of the explosion is to be held.

Neutron warning

West German Chancellor Helmut Schmidt said he believed his meeting last week with Soviet President Brezhnev would give new impetus to East-West disarmament talks. Russia warned at Geneva Disarmament Conference that an aggressor might be tempted to use the neutron bomb to suppress national liberation movements in countries outside Europe. Page 3

Briefly . . .

President Marcos will share his law-making power with Philippines' interim legislature "provided it performs its tasks properly."

Czechoslovakia demanded extradition of hijackers who forced an airliner to fly to Frankfurt.

Yasser Arafat, head of the Palestine Liberation Organisation, is to lead a Fatah delegation to Moscow.

Boris Khaikin, 73, Bolshoi Theatre conductor, has died.

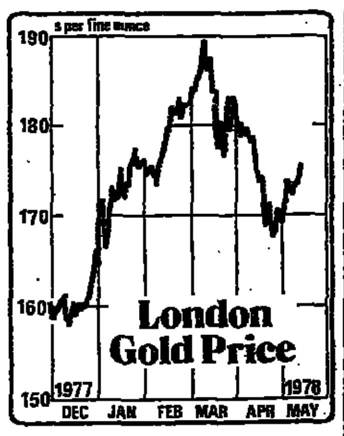
Princess Margaret left hospital. Earlier it was confirmed that she had gastro-enteritis and mild hepatitis.

BUSINESS

Equities extend rally; gold up

● EQUITIES extended their rally with a rise of 4.9 to 479.9 in the FT 30-share index.

● GOLD closed $1¼ higher at $175¾ after reaching $175⅞. Reports of a Sino-Soviet border clash might have boosted demand. Volume eased later, ahead of the Continental holiday. The New York May settlement price closed 50 cents lower at $173.90.



● STERLING fell 55 points to $1.8190 as the dollar gained ground and money supply concern depressed the market. Its trade-weighted index was unchanged at 61.5. The dollar's trade-weighted depreciation narrowed to 5.24 per cent., from 5.31 per cent.

● GILTS were restrained by interest rate concern. The Government Securities index was 0.04 lower at 70.97.

● WALL STREET rose 12.04 to 834.20 in heavy trading.

● U.S. MONEY SUPPLY. M1 rose to $350.5bn. from $346.5bn. M2 rose to $833.7bn. from $829.5bn.

Mitsubishi quota cut

● COLT, the importer of Japanese Mitsubishi cars in Britain, has had its quota of shipments cut from 9,200 last year to 8,200 this year following an agreement under which the Japanese Government is controlling exports to Britain. U.K. car production kept up its strong recovery last month. Page 8. Daimler-Benz, the West German car maker, lost sales worth DM1bn. in the first quarter of the year because of strikes. Page 30

● RETAIL PRICE index for April will show a "spectacular improvement" according to Mr. Roy Hattersley, Prices Secretary. Page 10

● MR. "TINY" ROWLAND, chief executive of Lonrho, said he had been given what he regarded as a personal assurance by Mr. David Owen, Foreign Secretary, that the company would not face charges as a result of a Department of Trade report published two years ago. Back Page

● PAY POLICY rules have been accepted by GEC-Telecommunications as a condition of a State grant towards the extension of a factory in Scotland. GEC-Schreiber is resisting this condition on a £20m. Merseyside project. Back Page

COMPANIES

● BURTON GROUP made a profit of £5.01m. in the six months to February 25 compared with a loss of £1.41m. previously. Page 24 and Lex

● VICTOR of Japan increased net profits by 42.2 per cent. to Yen3.04bn. in the financial year to March. Page 31

● BOUSSAC, the stricken French textile group, has been refused further government aid. Page 30

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Akroyd and Smithers	220	+ 5
Averys	157	+ 5
Barclays Bank	350	+ 8
Breedon Cloud Lime	86½	+ 6½
Britannic Assnce.	170	+ 8
Brycourt	74	+ 6
Burton A	124	+ 8
Dawson Intnl.	121	+ 7
English Prop.	36½	+ 3
Glaxo	570	+ 10
Guinness Peat	235	+ 10
Hall (Matthew)	217	+ 6
Hawker Siddeley	218	+ 6
JB Hldgs.	66½	+ 4
Johnson-Richards	134	+ 5
Lloyds and Scottish	94	+ 3
Lon. and European	23	+ 5
Lon. Merchant Secs.	94	+ 5
Lucas Inds.	306	+ 6
Moss Bros.	107	+ 5
Newman Inds.	86	+ 6
Provident Financial	102	+ 6
Scott's Restaurant	500	+ 60
Thomson Org.	269	+ 9
BP	856	+ 12
Castlefield	287	+ 27
Guthrie	282	+ 15
Harrisons Malay Ests.	103	+ 6
Jitra	61	+ 4
Jokai	280	+ 5
London Sumatra	150	+ 10
Longbourne	300	+ 25
Anglo Amer. Gold	£16⅞	+ ½
Harmony	314	+ 11
Libanon	478	+ 26

FALLS

Gieves	97	− 6
Scot. and Univ. Invs.	114	− 6
Whitehouse (G.)	87	− 7
Woodhall Trust	86	− 4
Geevor	140	− 5

Callaghan rules out vote of confidence over tax cut defeats

BY RICHARD EVANS, LOBBY EDITOR

Mr. James Callaghan decided yesterday against seeking an early vote of confidence after the damaging Finance Bill defeats inflicted on the Government this week. Instead, he launched an attack on the Conservatives *for their irresponsibility* in seeking to destroy Budget strategy.

Although Ministers accept that action to recoup the £445m. of lost revenue this year caused by the defeats will probably have to be taken, there is no sign of any immediate measures.

Mr. Denis Healey, Chancellor, still intends to await the conclusion of the committee stage of the Finance Bill—when further Government defeats of substance seem unlikely—before deciding what amendments to table for the report stage in the summer.

There are signs that an attempt might be made to reverse the successful Conservative amendment raising by £1,000 to £8,000 the level at which higher tax rates start to operate. Ministers are convinced that the Scottish Nationalist MPs — whose votes proved critical—did not appreciate that the cost of the amendment because of its "ripple" effect throughout the higher rates will be £105m. this year. They believe there is a chance of reversing the decision.

Ministers will continue the campaign launched with vigour by the Prime Minister in Manchester last night to brand the Tories and their minority party allies as cynical Budget wreckers whose amendements will benefit only the rich.

Mr. Callaghan was on a 48-hour tour of Lancashire and Mrs. Thatcher, Conservative leader, started a similar tour in Scotland. The visits underline the belief at Westminster that an autumn election is increasingly probable.

The Prime Minister, after calmly brushing aside Conservative demands in the Commons for an immediate election, accused the Tories of devoting every last penny of their Finance Bill victories to lighten the tax payment of those best able to pay.

"What has been done this week alters the balance of a carefully constructed Budget. It was a family Budget—and fair and popular. The Government chose the priorities carefully."

Parliament, Page 14
Editorial comment and Politics To-day, Page 22

Mr. Callaghan called on the electors of Hamilton where the last by-election before the autumn will be held—to disown the Tory party and the SNP for combining together "in cupidity and irresponsibility." Ministers regard Hamilton, where polling takes place on May 31, as a crucial indicator of electoral opinion.

An unrepentant Sir Geoffrey Howe, shadow Chancellor, emphasised that the Conservatives fully appreciated the effect of their amendments and intended to stick by them, in spite of the smokescreen of confusion being spread by the Chancellor.

John Elliott, Industrial Editor, writes: Mr. Enoch Powell, economic spokesman of the Ulster Unionists, yesterday visited the London headquarters of the Confederation of British Industry for talks with Sir John Methven, director-general, on Finance Bill developments.

During the past three weeks the confederation has been mounting a widespread political lobbying campaign over the Bill's tax levels and its leaders and staff have had meetings with prominent politicians from all the political parties as well as with MPs and civil servants.

Sir John is concerned about the possibility of the Government trying to reverse some of its defeats when the Bill reaches its report stage.

He said after he had met Mr. Powell: "If these tax advances were reversed it would be extremely serious. It would almost be worse for the morale of middle managers than if they had never been introduced."

Farmers praise Silkin milk boards 'victory'

BY MARGARET VAN HATTEM IN BRUSSELS AND CHRISTOPHER PARKES IN LONDON

FARMERS' LEADERS yesterday praised Mr. John Silkin, Minister for Agricutlre, for his "victory" over Common Market opponents of Britain's milk marketing Boards.

Sir Henry Plumb president of the National Farmers' Union, said he "unreservedly welcomed" the news from the Council of Ministers meeting in Brussels that the danger to the Boards had passed.

"I wish to place on record the NFU's appreciation of the strong advocacy of the Minister of Agriculture on this issue. I believe that Europe as a whole will benefit from the continued existence of the Boards," he said.

Mr. Steve Roberts, chairman of the Milk Marketing Board, said: "Although we have yet to see the official details of the arrangements, this appears to be very good news for British milk producers, distributors and consumers.

"The Minister and all concerned have worked very hard on this issue, and we are delighted that the Board can continue on a permanent basis."

Mr. Silkin, appears to have achieved his prime target—permanent continuation of the Boards—and to have resisted attempts to impose a tight squeeze on the margin between prices for liquid milk and milk used to make dairy products, a condition which, he claimed, would either have cut producer incomes or boosted consumer prices substantially.

He appears to have been only partly successful, however, in attempts to reduce the monetary compensatory amounts on pig meat, which subsidise imports from Denmark and Holland into Britain. These subsidies, around £280 a tonne on bacon will probably be cut to around £240—about half the reduction Mr. Silkin was seeking.

In return, he has had to relax his demands for tight price curbs on surplus commodities—possibly a high price for two politically attractive but economically less important victories.

The EEC Agriculture Ministers emerged tired and bleary eyed from their 12½-hour all-night negotiating session yesterday morning, having failed to settle Community farm prices for 1978-79, but determined to press on.

Several officials described the still-unresolved Franco-Italian dispute over wine as "very nasty." Ministers are under mounting pressure to settle quickly and this has not improved their tempers. There were reports of heated arguments and sarcastic exchanges as the talks progressed.

But an agreement fairly close to the Commission's set of compromise proposals, presented at the start of Wednesday night's session, is emerging.

European Parliament, Page 39

Shut platform costs Shell £57m.

BY RAY DAFTER, ENERGY CORRESPONDENT

THE CLOSURE of a North Sea oil production platform, ordered by the Department of Energy in June last year, will cost Shell U.K. £57m. in delayed revenue, the company said yesterday.

About half of this was lost in the second half of last year, with the result that the company has reported a trading deficit of £11.3m. for 1977.

Shell and its North Sea partner Esso were told to shut production from the "B" platform on their big Brent Field until they had installed equipment which would avoid their wasting gas produced with the oil.

The department said last summer that it believed the amount of natural gas that could be saved by the installation of handling equipment could be worth more than £55m.

The partners had hoped to postpone the installation of the facilities until oil production from other platforms had built up. But as a result of the Government directive Shell and Esso received much less oil than expected in 1977. The Brent "B" platform could remain shut until September.

Mr. John Greenborough, chief executive of Shell U.K., said in London yesterday that his company's North Sea production, which totalled 2m. tonnes last year, would be considerably improved towards the end of this year when three Brent platforms and the Dunlin Field would be on stream. They will join the Auk Field, which is producing oil at the rate of 50,000 barrels a day.

In spite of the Brent delay and the continuing depressed state of the oil products market, Shell still improved its trading position last year.

The U.K. company's £11.3m. loss, on total sales of £2.3bn., compared with a deficit of £32.3m. in 1976—the first year in which Shell traded as a separate company following the break-up of the Shell-Mex and BP marketing group.

Mr. Greenborough said that the results largely reflected the company's heavy investment in North Sea activities, an investment which should produce profits within the next few years.

By the end of this decade, he said, about £4bn. would have been spent on North Sea projects managed by Shell U.K.

LATEST FIGURES SUGGEST 15¼ PER CENT. ANNUAL RATE

Money growth even higher

BY MICHAEL BLANDEN

THE EXCESS growth of the money supply over the past financial year was even greater than has appeared so far, it was indicated yesterday by Bank of England figures.

The increase over the year to mid-April may have been more than 2¼ per cent. above the top end of the official target range of 9 to 13 per cent. growth, depending on the outcome of the final month.

The new figures are the result of extensive revisions to the month-by-month adjustments which are made by the Bank in an effort to iron out the impact of known and anticipated seasonal factors.

As a result, the growth of the sterling money stock on the wider definition (M3) is now put at 13¼ per cent. seasonally adjusted over the first 11 months of the financial year to mid-March.

This is one point higher than the previous estimate of 12¼ per cent., and equivalent to an annual growth rate of about 14¾ per cent.

Banking figures published earlier this week indicated that there was a further upsurge in the month to mid-April, the end of the year for the purposes of monetary policy. The rise in that month may have been as much as 2 per cent. or more, allowing for the effects of seasonal and other adjustment.

The new figures underline the problems of interpreting month-by-month money supply statistics, and provide a marked contrast with the optimism about monetary policy shown by Mr. Denis Healey, the Chancellor, at the time of the Budget last month.

He said then that while the growth of sterling M3 would exceed the 13 per cent. ceiling for the year, it should be under 14 per cent. This target range has now been replaced by a new target of 8-12 per cent. growth for the current year, subject to revision on a six-month rolling basis.

The appearance of the Bank's statement added to the uncertainties in the City markets, which remain in some confusion over the likely course of interest rates.

Following last week's jump in the Bang of England's minimum lending rate from 7½ per cent. to 8¾ per cent., the money markets have been looking for a further rise this week. The Bank yesterday gave no clear signals of its own preferences, and the outcome of to-day's Treasury bill tender is subject to considerable doubt.

Rates on Treasury bills yesterday were at levels which if maintained could produce an increase in MLR to between 9 and 9½ per cent.

MONTHLY CHANGES IN MONEY STOCK
Seasonally adjusted Sterling M3

	Old figures £m.	(%)	New figures £m.	(%)
1977				
Apr.	+899	(+2.3)	+ 795	(+2.0)
May	+253	(+0.6)	+ 353	(+0.9)
June	+303	(+0.8)	+ 309	(+0.8)
July	+507	(+1.2)	+ 358	(+0.9)
Aug.	+ 59	(+0.1)	− 1	(—)
Sept.	+868	(+2.1)	+ 730	(+1.8)
Oct.	+729	(+1.7)	+ 595	(+1.4)
Nov.	+284	(+0.7)	+ 296	(+0.7)
Dec.	+401	(+0.9)	+ 413	(+1.0)
1978				
Jan.	+941	(+2.2)	+1,036	(+2.4)
Feb.	+506	(+1.1)	+1,050	(+2.4)
Mar.	+221	(+0.5)	+ 313	(+0.7)

Source: Bank of England

Markets were also affected by news of a rise in the New York discount rate. Gilt-edged securities saw late falls, with the Financial Times Government securities index ending 0.04 down at a new low for the year of 70.97. The pound also slipped in late dealings to end 55 points down at $1.8190, but its trade-weighted index was unchanged at 61.5.

The main impact of the changes in the Bank's seasonal adjustments has been to increase the growth rate of sterling M3 in the past four months, and particularly in February.

In that month, the seasonally adjusted growth is now put at 2.4 per cent compared with a previous estimate of 1.1 per cent, and in two of the past three months sterling M3 has gone up by over £1bn.

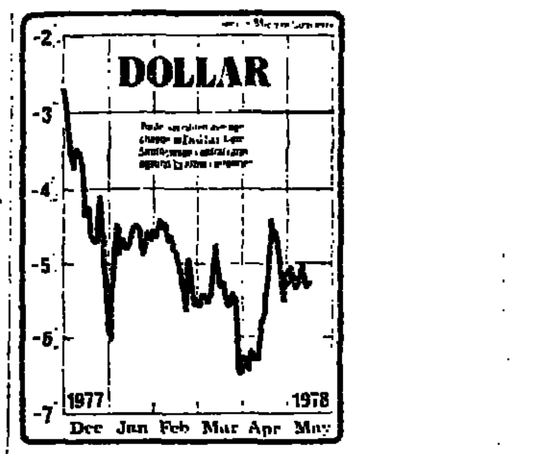
There were some offsetting reductions in earlier months, but the total ended up larger. The changes result from the Bank's regular annual recalculation of the seasonal adjustments, which this year has produced larger than normal revisions.

The Bank identified two main reasons for this. First, the changes in arrangements for collecting corporation tax have affected the distribution of Government receipts between the first three months of the calendar year in a way which was difficult to estimate in advance.

Secondly, it has been possible to incorporate further information about the pattern of Government spending and the effect of the timing of payments of rate support grants and housing subsidies.

£ in New York

—	May 11	Previous
Spot	$1.8165-8175	$1.8210-8220
1 month	0.65-0.55 dis	0.70-0.65 dis
3 months	1.75-1.65 dis	1.88-1.78 dis
12 months	7.00-5.50 dis	6.86-6.75 dis



Money surge in U.S.

By Stewart Fleming

NEW YORK, May 11.

IN THE wake of a move by the Federal Reserve Board this morning to confirm recent sharp increases in U.S. interest rates through raising the discount rate from 6½ per cent. to 7 per cent., the central bank announced this afternoon the biggest increase in the U.S. money supply this year—a $4bn. rise in M1.

The size of the increase sent a tremor through Wall Street's already nervous money markets and led some economists such as Mr. Alan Lerner, senior vice-president of Bankers Trust, to predict that further moves to tighten credit and try and consrain inflation were likely.

Other analysts were more cautious but investors in the bond market registered their anxieties and prices fell sharply. If the Fed does not give any indication of a change in policy to-morrow attention will focus on next Thursday's meeting of the Federal Open Market Committee, its monetary policy setting arm.

Opinion of on Wall Street is divided over whether the central bank in its recent moves to tighten credit has been aiming at an increase in the average Federal funds rate of from 6¾ per cent. to 7¼ per cent. or higher. To-day's monetary data will lead more economists to suspect that a higher figure is more likely.

Since April 18 the Fed has been tightening credit in an effort to restrain inflation. It has also intervened to force up short-term rates in the key Federal Funds market from 6¾ per cent. to 7¼ per cent. Commercial bank prime lending rates have risen too from 8 per cent. to 8¼ per cent.

But the central bank is having obvious difficulty in holding the Fed funds rate close to its assumed target.

In what some see as a tacit admission of the strains

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FEATURES

For latest Share Index 'phone 01-246 8026

EUROPEAN NEWS

French Bill aims to extend rights of shareholders

BY DAVID CURRY — PARIS, May 11.

THE FRENCH Government's decision to introduce a Bill extending the rights of shareholders and improving the quality of company information is the first step in a general offensive to tackle the malaise in the corporate sector.

It will be followed in the next few weeks by a series of measures designed to encourage the movement of savings into equities by providing fiscal incentives for subscriptions to new share issues and encouraging companies to seek fresh capital from the public by introducing preference shares.

The other elements in the offensive include the eventual freeing of industrial prices, and the Government's determination not to bail out companies with deep-seated structural defects but to allow them to go into commercial bankruptcy.

The specific Bill to be introduced will be based on a measure drawn up two years ago. Although some details will be changed the general lines are thought likely to remain the same.

As far as the Bourse watchdog authority, the COB, is concerned the main innovation will be the insistence on publication of consolidated accounts and of full half-yearly figures including profits. It estimates that about two-thirds of "eligible" companies publish consolidated accounts.

A further clause requires quoted companies to publish legally required information within four months of the end of the financial year and 30 days before the annual general meeting, and to provide for advanced publicity for resolutions being proposed to the meeting.

Shareholders would be able to organise more easily to present their own candidates for election to company Boards.

In particular, the Bill provides for the appointment by a tribunal of a special official to safeguard minority shareholders' rights. As well as minority shareholders, the public prosecutor, the COB and the company's work force could also apply for such a watchdog to be appointed at the company's expense.

Other clauses would restrict the length and number of mandates enjoyed by Board members. The term of a Board mandate would be reduced from six to four years and directors would be able to sit on a maximum of five, rather than eight, Boards.

Chairmen and senior directors of quoted companies would have to retire at the age of 65 except when they held the majority of the company's capital while the number of administrators over 70-years-old would be limited to one-third of the supervisory or management board.

A controversial measure in the original legislation, which may or may not survive into the new draft, obliged senior directors to devote the part of their earnings from a company above Frs.180,000 a year to the purchase of company shares — a move designed to make managers into shareholders.

Dutch 3% growth forecast

BY CHARLES BATCHELOR — AMSTERDAM, May 11.

HOLLAND WILL have to do more to stimulate its economy over the next four years than the already extensive measures it has announced if it hopes to achieve the planned cut in unemployment. The rate of economic growth in the next few years is expected to be about 3 per cent. annually compared with previous assumptions of 3.75 per cent., Mr. Gijs van Aardenne, the Economics Minister, told Parliament.

This lower rate of growth will make it more difficult to reduce unemployment to a maximum of 150,000 by 1981, he said during a debate on Government plans for investment subsidies. The subsidies are expected to create 110,000 new jobs.

The latest employment figures—for April—showed an increase of 1,400 in the seasonally adjusted jobless total to 201,900. This was the first increase for four months and means 5.1 per cent. of the working population was out of work. The number actually unemployed fell by 12,800 to 190,200, however.

The investment plan now being discussed in Parliament aims to inject Fls.13bn. ($5.8bn.) into the economy over the next four years in the form of a direct subsidy on investments. This will replace the existing system of tax discounts.

Chairman Hua will pay visit to France

By Robert Mauthner — PARIS, May 11.

HUA KUO-FENG, the Chinese leader, has accepted an invitation from President Giscard d'Estaing to pay an official visit to France at a date which has yet to be fixed, Chinese Vice-Premier Ku Mu said here to-day.

The visit will be the first to the West by a Chairman of the Communist Party since the Revolution in 1949. Mr. Hua has just returned to China from a five-day visit to North Korea.

Mr. Ku Mu, who has been visiting France for the past week at the head of a 20-member delegation, has had discussions here with President Giscard, M. Raymond Barre, the Prime Minister, and other Ministers, on future economic, scientific and technical co-operation. The Chinese delegation has also toured a number of important French industrial projects, including a new nuclear power station.

After seeing President Giscard to-day, Mr. Ku Mu said France would be a leading partner in China's industrialisation programme, together with other friendly nations.

The Chinese Vice-Premier's visit to France follows that of a Chinese military delegation, which expressed interest in French military aircraft and helicopters, as well as other sophisticated weaponry such as anti-aircraft and anti-tank missiles.

Mr. Ku Mu declined, however, to answer questions about reports that China had signed or was about to sign, contracts for the purchase of arms and aircraft from France.

A Hong Kong news report last week quoted Mr. Wu Hsiu-Chuan, Deputy Chief of the Chinese General Staff, as saying that his Government had already bought "a certain number" of French anti-tank missiles.

Though there has been no confirmation of such a deal from the French side, French officials have stated that China was interested in buying military aircraft and arms from France.

It is also no secret that the Chinese are shopping around for major industrial co-operation projects, particularly in the energy field. The development of Chinese nuclear, oil, coal and natural gas resources is reported here to be one of the top proprities of the Peking Government.

THE PORTUGUESE COMMUNIST PARTY

Edging away from Stalinism

BY JIMMY BURNS IN LISBON

THE PORTUGUESE Communist Party (PCP) has been referred to as Western Europe's "last Stalinist Party" because of its strict adherence to Marxist-Leninist principles and its avowed allegiance to the Soviet Union. Yet beneath the official orthodoxy there are signs that the PCP is developing a more pragmatic approach to a changing political situation.

This fact was implicitely recognised by Dr. Mario Soares, the Prime Minister, in his speech to the nation this week, during which he paid an unprecedented tribute to the moderation shown during the past few months by the Communist-dominated General Workers' Confederation (Intersindical), the Portuguese trade union grouping that claims to speak for over 80 per cent. of labour. Dr. Soares noted that compared with the previous two years, industrial unrest since the new coalition took office in January, had decreased. Portugal, during this period, had been one of the European countries to suffer least from strikes: absenteeism had fallen from 25 to 5 per cent.

In April, when negotiations with the International Monetary Fund were reaching their final stages, Intersindical had finally come to a compromise with the Government on a wage ceiling. Ironically, only weeks earlier Communist Party delegates in the Portuguese Assembly had proposed a motion rejecting the Government's economic programme, with a passionate outburst against what they saw as the return of "big capital." Yet unions and Government then reached a concensus not so very different from the "Moncloa Pact" in Spain. The increase of pensions and social benefits which accompanied the agreement on wages was interpreted in Lisbon as a discreet gesture in return for continued tranquility in the factories.

Equally notable has been the calm that has returned to what is potentially the most explosive area of contemporary Portuguese politics, the Communist-dominated agricultural belt in the southern region of the Alentejo. The Land Reform Review Bill passed last summer in Parliament made it theoretically possible to return to the original owners part of the collective and co-operative farms.

In attempting to implement the law last September, the then minority Socialist Government sent in riot police to "supervise." Peasants picked up their sickles and violent confrontations followed.

Yet eight months after these events, things are quiet in the Alentejo. In his speech, Dr. Soares referred to the mood of co-operation that now existed between the Minister of Agriculture, Sr. Luis Sais, and the representatives of the collectives. "The Government is confident that the question of agrarian reform can be resolved by dialogue not violence," he said.

Sr. Alvaro Cunhal: a change of strategy.

As in the industrial sector that mood of collaboration is thought here to reflect the natural wish to get down as quickly as possible to the urgent problems of the country's economy without aggravating unnecessarily partisan politics.

This school of thought points out that since the new Government and a new Minister of Agriculture took over in January, not only have the riot police been absent from the Alentejo, but also only relatively small amounts of land have been returned. So apparent has the latter fact become that right-wing political figures have gone as far as publicly to accuse Sr. Sais of being a "communist." A more likely interpretation is that the Government has slowed down the implementation of the controversial law in return for a measure of guaranteed peace in industry.

To some extent, the PCP's developing relationship with an essentially conservative coalition of Socialists who have dropped Marxism from party dogma and Christian Democrats who are known defenders of the mixed economy, seems to conflict with the public image of the Communists as staunch defenders of the proletariat and its "revolutionary gains."

The party membership and its leadership is overwhelmingly working class, with few intellectuals. Industrial and agrarian workers, for instance, represent 60 per cent. of total membership; a further 20 per cent. are office and bank workers, whereas intellectuals represent only six per cent. On the Central Committee workers outnumber intellectuals by two to one.

Yet the PCP leadership in recent months has launched a campaign clearly designed to take the party beyond the strict confines of the traditional doctrine of "class struggle." Last June, the leadership set about launching a massive promotion campaign to boost party membership. Its aim was to attract more women and more youth, not more workers.

A party which in 1975 strove actively to impose on Portugal a workers' state based on the East European model, now finds itself consciously striving to concern itself with interes[illegible] not necessarily confined to on[illegible] ass, such as women's liberat[illegible] and the problems of the envir[illegible] ent.

In electoral terms, [illegible] hese themes are far more li[illegible] to attract the man in th[illegible] street than dogmatic statement[illegible] the virtues of Mother Russia.

The change of strategy [illegible] that in public, at least, the [illegible] of Sr. Alvaro Cunhal, the [illegible] neral Secretary, is directed not less against the "reactionaries in Government" than against the threat of extremism both from the far Left and the far Right. For there is one thing that both Sr. Cunhal and S. Soares are in full agreement: there is nothing that they would like less than Portuguese Red Brigades.

A culture shock for Franco's former officials

BY ROBERT GRAHAM IN MADRID

SPAIN'S MINISTRY of Culture is short of money. Sr. Pio Cabanillas, the Minister of Culture, revealed this week that his budget of Pta.19.3bn. ($240m.) was wholly inadequate.

The minister chose to make the complaint soon after presiding over the launching of an unprecedented retrospective exhibition in Madrid of the veteran Spanish painter Joan Miro and detailed plans for an expansion and liberalisation of cultural activity. However, cultural activity is not really to blame for the penury of the ministry.

The shortage of funds can be blamed on the fact that it is the main ministry delegated to absorb the several institutions and thousands of functionaries that depended upon the Franco power structure—principally the officials of the Movimiento, the ill-defined movement, half political party, half bureaucracy, which helped sustain Franco in power. Last May the Movimiento was wound up and subsequently a transfer commission was formed to reallocate the 35,000 officials.

The Ministry of Culture, which was then known as the Ministry of Information and Tourism, has been obliged to absorb 12,500 personnel from the Movimiento. In addition it has had to take over the tutelage of the state radio and TV, RTVE, with its 8,000 employees plus a further 5,000 employed in the 41 papers, radio stations and cinemas and "culture" houses that were owned by what was known as the "state means of social communication." Although the RTVE budget is met largely by advertising and direct state grant, these additional responsibilities of the old Ministry of Information meant a doubling of the previous year's budget.

The Government has tied its hands by guaranteeing jobs within the administration for all those previously employed by them in the Movimiento. The secretariat, of which Sr. Adolfo Suarez, the present Prime Minister, was the last secretary-general, has been largely absorbed by the Prime Minister's office.

Sr. Pio Cabanillas: short of cash.

The bulk have been placed under the wing of the renamed Culture Ministry. Others are still receiving salaries but awaiting jobs in ministries which are showing no great inclination to employ extra, and largely unnecessary, staff.

This policy has produced some curious role reversals. For instance the Culture Ministry is farming out Movimiento officials to museums and an expanded library service: an irony not lost here since these Franco-ists have not previously been closely associated with the propagation of culture.

Even more curious is the wholesale absorption of the women's section of the Movimiento, which had some 7,000 employees, into the Culture Ministry. A new department has been created dealing with "the female condition." This has been in response to feminist demands for a change in the economic, legal and social status of women in Spain. But although feminist recruits have been introduced, the bulk of officials are those who were strongly identified with the Movimiento anti-feminist philosophy which rejected abortion, contraception and a liberalisation of divorce laws.

The current position of the chain of newspapers and radio stations is confused and anomalous. The main newspaper, Arriba, has become technically the Government newspaper Thus if the Socialists or Communists were to come to power it could act as their mouthpiece The staff, embarrassed by the situation, are demoralised and no one reads the paper unless they feel they have to. Overall the newspaper chain and radio stations are losing money and the state will have to finance losses this year of some Pta2bn. ($26m.). To close down everything would directly affect the jobs of 5,000 people. But should the state continue to finance these media when their value is increasingly dubious?

The Socialist Party proposed last month the creation of a state-holding company and an Inter-parliamentary Board to administer them. But this was rejected as unsatisfactory, as it would reproduce the old system under a different guise. Meanwhile, few private buyers have shown any interest Thus, so long as the Government is unwilling, or feels unable, to sack former employees of the Franco apparatus, it can only continue to use ministries as receptacles for the politically redundant. This is, perhaps, a small price to pay for a peaceful transition to democracy.

EUROPEAN NEWS

IN THE WAKE OF MORO'S ASSASSINATION

PM takes over Interior Ministry

BY DOMINICK J. COYLE

ROME, May 11.

SIG. GIULIO ANDREOTTI, the Italian Prime Minister, to-night personally took responsibility for internal security pending agreement between the main political parties on the choice of a new Interior Minister. He had earlier accepted formally the resignation of Sig. Francesco Cossiga in the wake of the murder of Sig. Aldo Moro, the former Prime Minister, and failure so far of the security forces to track down his killers.

The Prime Minister's decision reflects an informal understanding between the main parties that a new appointment should await a major review of security arrangements at an all-party summit, possibly followed by a full scale parliamentary debate on the security aspects surrounding the Moro case.

It is now acknowledged privately by all the political parties that the security forces have failed lamentably to turn up any real clues to the identity of the Red Brigades terrorists responsible for Sig. Moro's kidnapping and subsequent assassination. The political responsibility for this failure has been laid at Sig. Cossiga's door.

The Minister, despite his resignation, has identified himself fully with the Andreotti Government's hardline attitude in the Moro case, in particular, its refusal to consider a prisoner exchange. Yet the main parties are convinced that only a thorough-going reform of the country's security forces under a strong political head at the Interior Ministry can swing the balance back towards the state in the fight against terrorism.

Sig. Cossiga's precise motives for resigning are still not wholly clear. Apart from his formal letter of resignation he also wrote personally to Sig. Andreotti, but the contents of that letter have not yet been published.

The Minister has been under considerable personal pressure in recent months. The degree of personal security surrounding him in this period has been such that the office is not attractive to leading DC contenders of Cabinet rank. On the other hand, Sig. Cossiga was generally acceptable to the Communist Party's leadership. He is a cousin of the Communist secretary-general, Sig. Enrico Berlinguer and both of them are natives of Sassari in Sardinia.

Sig. Andreotti is expected to have an early round of talks with the main party leaders to consider security.

Meanwhile, the terrorists are maintaining the momentum with signs that other extremist groups are exploiting the psychological warfare against the state.

In a further incident to-day, Sig. Mario Astarita, director of the Milan branch of the Chemical Bank, was shot in the legs.

Reuter adds: Police found an abandoned Red Brigades hideout littered with documents, equipment and Albanian books in Turin to-day. They said a neighbour identified the tenant of the two-room flat as Cristoforo Piancone, who was wounded and captured in an attack on a prison guard last month.

Sig. Filippo Fiorello, head of the Turin police political office, said the contents of the Red Brigades flat "convinces us that this was the headquarters of the Turin column."

IMF reviews Italy's economic progress

BY PAUL BETTS

ROME, May 11.

MR. ALAN WHITTOME, the European director of the International Monetary Fund (IMF), is reviewing progress here in the economic and monetary management of the Italian economy in the light of the letter of intent signed by Italy last year when it made an IMF drawing for the equivalent of U.S.$530m.

Mr. Whittome has so far seen Sig. Filippo Pandolfi, the new Treasury Minister, and Sig. Paulo Baffi, the Governor of the Bank of Italy, and is to hold talks with trade union leaders and Sig. Guido Carli, the chairman of the Italian national employers confederation.

The Italian Treasury Minister, attending last week's IMF interim committee in Mexico City, indicated that Italy was seeking to negotiate a further reported U.S.$1bn. standby credit with the IMF.

No definite line is expected to be taken by the IMF on the Italian economy before the Fund's review team visits Rome next month.

Italy's overall debt repayment bill in terms of principal and interest in 1978 amount to $U.S.3.5bn. with about $U.S.1.25bn. already paid back this year.

In terms of foreign exchange reserves, which total $U.S.7bn., Italy has no immediate need for new international support. The expected destabilisation effect of the assassination of the former Prime Minister, Sig. Aldo Moro, has not shown on either the foreign exchange market on the Bourse.

There are tentative signs of a recovery in the country's industrial output. While official statistics show industrial production was below the levels of this time last year, output effectively increased by about 2 per cent. during the first quarter of this year compared to the last quarter of 1977.

This improvement, however, is in part due to general restocking by industry and wholesalers.

Bundesbank criticised over money supply rise

By Adrian Dicks

BONN, May 11.

THE BUNDESBANK comes in for blunt criticism over its handling of the increase in money supply in a report published to-day by one of West Germany's leading independent economic voices, the Munich-based IFO Research Institute.

In recent months, according to IFO, the West German Central Bank has pursued contradictory goals and thereby endangered each of them. Understandably, says the report, the Bundesbank has sought to ensure the necessary framework in monetary policy for a moderate economic recovery. Yet it has done this at a high cost to its own credibility by letting the monetary aggregates increase too rapidly.

The Bundesbank has done this, the IFO report suggests, partly to ensure plentiful and cheap domestic credit, but also in the hope of encouraging capital outflows. The danger which the report sees, however, is that the Central Bank is now in a position where it would have difficulty in exerting tighter control over the money supply if it wanted to do so.

Indeed, the report warns that at this point a braking manoeuvre, such as increasing minimum reserve levels, would be fatal, if the purpose were to slow down more strongly a money supply that has already begun to flatten out. "This would create still more uncertainty for banks, companies and private borrowers in making long-term plans, than is already the case thanks to the dollar crisis and monetary inflows." A better tactic, IFO thinks, would be the quiet absorption of public funds by the Bundesbank, or open market operations.

The IFO study further warns the Bundesbank against the consequences of foreign exchange market interventions.

Acceptance of Berlin pact reaffirmed by Schmidt

BY JONATHAN CARR

BONN, May 11.

CHANCELLOR Helmut Schmidt to-day bluntly reminded Parliament that the four-power agreement of 1971 on Berlin had imposed limits on West German policy, as well as laying a firm basis for the city's security.

Herr Schmidt said he believed his talks last week with Mr. Leonid Brezhnev, the Soviet leader, had helped clear up misunderstandings about Bonn's Berlin policy and that at least some mistrust on both sides had been removed.

He had told Mr. Brezhnev that Bonn did not aim to change the existing situation in Berlin—but to stabilise it, and that implied acceptance of the limits as well as the opportunities contained in the four-power accord.

While Herr Schmidt's remarks appear on the face of it self-evident, the timing of them in the immediate wake of Mr. Brezhnev's departure gives them particular significance.

Moscow has constantly stressed that part of the four-power agreement which states that Berlin is not a part of the Federal Republic. Bonn has stressed another phrase which says that ties between Berlin and the Federal Republic may be maintained and developed.

One result is that for years the Soviet Union has refused to conclude three accords with West Germany, because signature would imply for Moscow the right of West German federal agencies to establish themselves in Berlin.

Herr Schmidt's remarks are a public signal of Bonn's flexibility—with expression of the cautious hope that a similar response may now be expected from the other side. The Chancellor to-day appeared to find an unlikely ally in the person of Herr Franz Josef Strauss, the Christian Social Union opposition leader, who agreed that Mr Brezhnev's visit had brought some "new accents."

Details of the West German-Soviet talks are thought bound to be passed on to East German leaders by Mr. Andrei Gromyko, the Soviet Foreign Minister, who arrived in East Berlin to-day. A meeting between Herr Schmidt and Herr Erich Honecker, the East German leader, has been widely mooted for this year but there has been no confirmation.

East warns West German press

BY LESLIE COLITT

BERLIN, May 11.

EAST GERMANY is warning Western correspondents in East Berlin against writing "untrue" reports about a recent clash between the police and East Germans protesting against exorbitant prices for imported food.

So far this week five West German correspondents have been called into the Foreign Ministry to be told their reporting was "false."

According to a 1973 East German decree, an official warning is the last move before a correspondent is expelled. The expulsions of two West German correspondents and the closing of the East Berlin office of Der Spiegel, the West German news magazine, earlier this year contributed to a worsening of relations between the two Germanys.

Earlier this week, the correspondents of the West German news agency DPA and West Germany's second TV channel were summoned to the Foreign Ministry to be told they were being given a "final warning" before expulsion because of their reporting of the demonstration said to have taken place in Wittenberge in northern East Germany.

To-day, the East Berlin correspondents of the Suddeutsche Zeitung and West Germany's first TV channel were also warned because of their stories on the incident.

The West German correspondents said that on May 1 300 townspeople in Wittenberge gathered on a main square to demonstrate against high prices for food, tobacco and liquor imported from the West.

These can now be bought for East German marks at special Delikat stores at prices which are usually four times what they cost in West German marks at East Germany's chain of hard currency stores, the Intershops.

The demonstrators were said to be protesting at the price discrimination against the average East German who does not have access to West German money from relatives or friends in the West.

The Western journalists say they were told about the disturbances by East German eye-witnesses who said policemen intervened with truncheons and dogs to break up the crowd which was reportedly made up largely of young people. Twenty East Germans were said to have been arrested.

East Germany is extremely sensitive to such reports in the West German media because West German radio and TV can be received throughout the country.

However the effect of the East German warnings has been to give the original incident greater credibility than ever among East Germans. This is because the West German media are repeating the original dispatches to explain why their journalists in East Berlin are being warned.

French protest to Denmark on Africa comment

By Our Own Correspondent

STRASBOURG, May 11.

FRANCE TO-DAY protested to the Danish Government following Danish Foreign Minister K. B. Andersen's clear hint to the European Parliament yesterday that he felt that French troops should be withdrawn from Africa. In Paris, the French Foreign Ministry summoned the Danish Ambassador Mr. Paul Fischer, to explain Mr. Andersen's remarks.

Mr. Andersen, speaking here as the current Chairman of the EEC Council of Ministers, was replying to MPs' questions on the situation in the Horn of Africa. He said all foreign troops should be withdrawn from the area, and indeed from Africa in general. He was then asked by a Left-wing Danish MP whether his remarks applied equally to the posting of troops from France, an EEC member state, in two African countries, Chad and Mauritania. Mr. Andersen replied clearly in the affirmative.

Falldin to stay

Swedish Premier Thorbjoern Falldin, who was reported to be thinking of resigning over a lost libel suit, said yesterday he planned to stay in office, Reuter reports from Stockholm. Mr. Falldin said that after consulting his family, he decided to stay and fight for his beliefs.

Irish growth forecast at 5.5% for this year

BY OUR OWN CORRESPONDENT

DUBLIN, May 11.

BOTH THE Irish Central Bank and one of the country's leading firms of management consultants forecast a growth rate of 5.5 per cent. for the Irish economy this year, a lower figure than most of the forecasts made to date.

The Central Bank in its annual report says its somewhat lower forecast may reflect its view that growth would have moderated slightly in the absence of policy changes, that part of the fiscal stimulus in the last budget may not be felt until next year, and that the prospects for international growth and trade may be somewhat less favourable than earlier forecasts.

The management consultants, Coopers and Lybrand Associates, say in their economic review that the growth rate of 5.5 per cent. still represents a creditable performance by historical standards and by comparison with other industrialised countries. They expect the largest contribution to come from consumer spending, which they expect to rise by 6.5 per cent. this year.

They argue, however, that although Government schemes would help produce some 20,000 jobs in the 12 months to April, 1979, unemployment will fall by only about 5,000 due to a rapid increase in the labour force.

The Bank echoes the current Government emphasis on the private sector, saying that "the remarkable expansion in the volume of industrial exports last year . . . gives some indication of how the business community can positively influence the current balance of payments."

And the Bank is prepared to see private-sector credit increased by up to 20 per cent. this year, even though it recognises a risk of a fall in official external reserves in such a policy.

Dealing with the Government's borrowing requirement of £821m., the Bank says it agreed to provide up to £100m. to the Exchequer to minimise foreign borrowings, provided the total borrowing requirement and current budget deficit is not greater than currently envisaged.

But the Bank says that although this is not a departure from its general policy, it is not to be regarded as a regular and substantial source of Exchequer funds, and it expects the Government will not need to approach it for support next year.

The profit of the Bank for 1977 was £36.7m., an increase of £4.8m. on the previous year. Official external reserves amounted to just over £1,200m. at the end of 1977, an increase of £245m. on the previous year.

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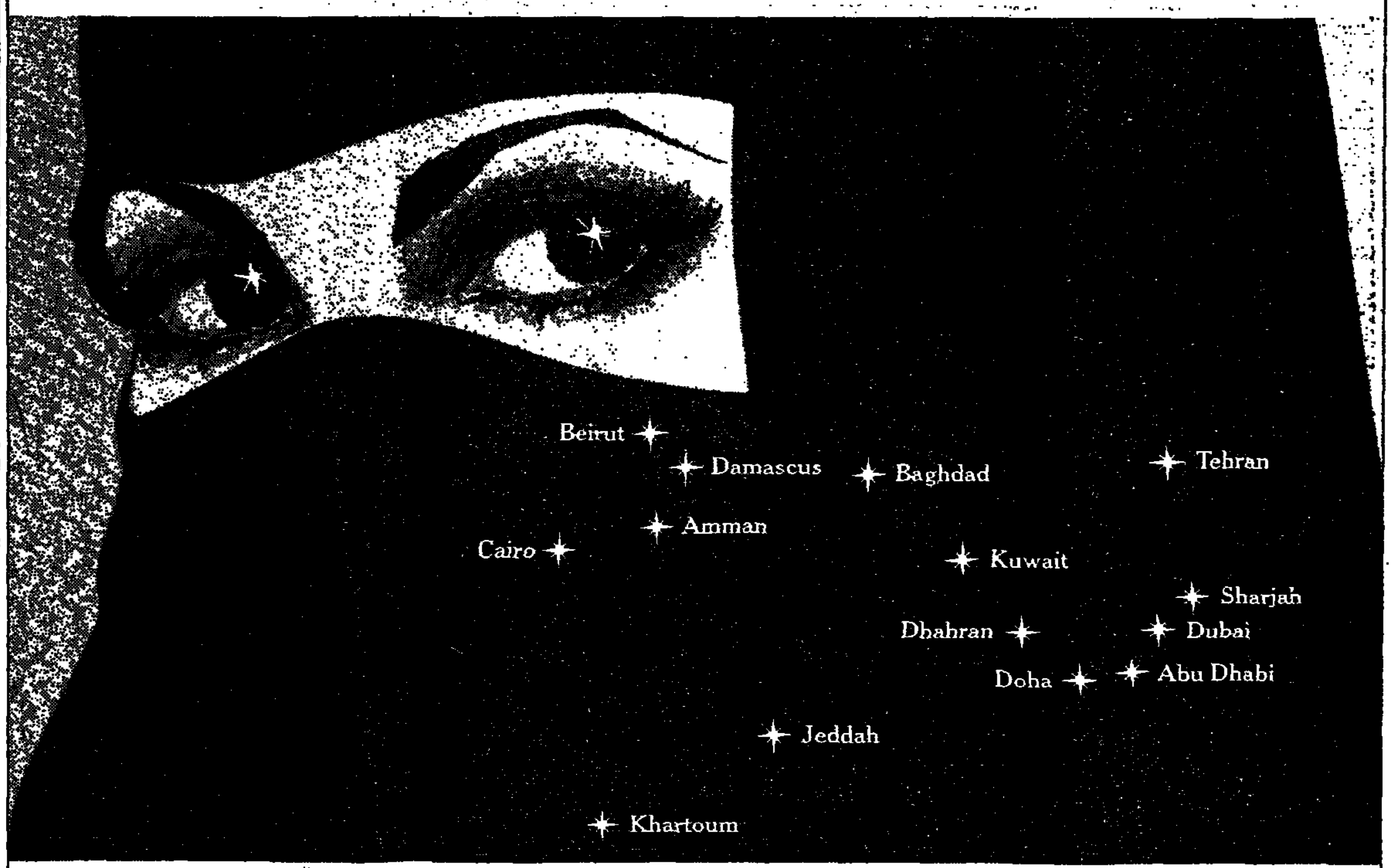
Judge appointed for trial of Orlov

By David Satter

MOSCOW, May 11.

A JUDGE has been named in the case of Dr. Yuri Orlov, leader of the dissident group which sought to monitor Soviet observance of the Helsinki accords, and his trial on charges of anti-Soviet agitation may begin as early as next week.



Carter limit on wage rises rejected by AFL-CIO

BY DAVID BELL

WASHINGTON, May 11.

THE ANTI-INFLATION programme of the Carter Administration has suffered a setback at the hands of the U.S. labour movement, leaders of which refused yesterday to support the President's 5-5 per cent. target for wage increases.

Mr. George Meany—the head of the AFL-CIO, which represents most trade unions in the U.S.—said after the organisation's council had met Mr. Carter that he would have nothing to do with any target figure. Mr. Carter has already limited wage increases for federal workers to 5.5 per cent. and has called on the labour movement as a whole to accept this figure.

At a news conference, Mr. Meany, who has made no secret of his dissatisfaction with the Administration, insisted that the AFL-CIO accepts the "heart of the president's programme," but said that, until prices stopped rising so quickly, unions could not be expected to embrace any particular target, the more so because most trade union wage contracts last for three years.

Mr. Carter left the meeting with the AFL-CIO before the end, and was reported to have been annoyed by Mr. Meany's attitude which will do nothing to help the anti-inflation programme, such as is it. Mr. Meany noted that business leaders had agreed, when meeting the president, to co-operate in holding down prices, but added that the head of General Motors, who was at the meeting, "went right back to Detroit and raised prices on some of his cars."

Labour contracts negotiated in the first quarter of this year, which included the coal miners' settlement, averaged first-year wage increases of 9.9 per cent., and hourly wage rates are now about 8 per cent. above the level of that of a year ago. However, with the rate of inflation close to about 7 per cent., according to the latest figures, this has not been translated into a significant increase in purchasing power.

When Mr. Robert Strauss, the special trade representative, who is heading the anti-inflation drive, announced his first "targets" last month, he singled out the postal workers and the Teamsters union. Negotiations with the postal employees are still going on and the Teamsters union, which is not a member of the AFL-CIO was absent yesterday. At least one other non-AFL-CIO union was represented at the meeting.

Tied vote on Mideast fighters sale

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, May 11.

PRESIDENT Carter's choice of avoiding a Congressional veto of his plan to sell fighter aircraft to Israel, Saudi Arabia and Egypt were marginally improved to-day when the Senate Foreign Relations Committee failed to pass a resolution to disapprove the package deal.

The committee was evenly divided, 8—8, on the issue. The counterpart committee in the House—International Relations—is due to vote on Tuesday on the issue. In order to block the sales, both chambers must pass resolutions to oppose them by May 28.

The advantage gained by the President to-day lies in the fact that control of the full Senate debate will now rest more securely with the Democratic majority leadership, which supports the package, than with the opposition, which would have taken heart and been given practical parliamentary leverage if the committee had come out against the package.

It was clear that the administration's latest inducements—a promise that, next year, the President would announce sale of a further 20 F-15s to Israel, and expected assurances from Saudi Arabia that its F-15s would not be deployed against Israel—were critical factors in the committee deliberations.

When the President announced this year his intention of selling fighters to the two Arab countries and Israel in a package, a majority in the Senate committee expressed disapproval. A tough hurdle, therefore, has been circumvented if not overcome.

Four Democrats and four Republicans voted with the Administration to-day, the latter including Sen. Howard Baker, the minority leader in the Senate. Of the eight voting against, six were Democrats, among them Sen. Frank Church of Idaho, heir apparent to the committee chairmanship, who had wavered in the last few days.

Sen. Jacob Javits, the New York Republican and the most influential Jewish member of the party, also opposed the package, having intimated earlier in the week that a compromise might be acceptable.

Theoretically, the Senate leadership could prevent a full vote on the issue in the chamber, because there is no resolution from the committee to form a basis for deliberation. In practice, given the sensitivity on the issue, it will not do this and, in any case, probably could not prevent an individual senator from introducing motions for debate on to the Senate floor. One member, Sen. William Proxmire of Wisconsin, has already promised to do so.

On the House side, similar procedures are followed. A few weeks ago, 21 members of the 37-strong International Relations Committee passed a resolution opposing the package. But that vote was not binding and the subject is due for reconsideration next week. The administration hopes that some Congressmen will change their minds, which seems possible in the light of the recent concessions. The House committee is usually influenced by what its Senate counterpart does.

Neither committee is currently ruled by strong chairmen. In the Senate, Sen. John Sparkman of Alabama, is to retire this year. His House counterpart, Mr. Clement Zablocki of Wisconsin, although greatly respected, is not a powerful chairman in the traditional manner. The administration, therefore, has had to concentrate in its lobbying on individual members—no easy process.

Some Republicans have been put squarely on the spot—including Senator Baker, a presidential aspirant. Only last week, all 38 Republican senators issued a blanket condemnation of the Administration's foreign policy, and the temptation to consign President Carter to a major defeat for political reasons might seem great. This could be especially so, if it were to mean that some of the wealthier Jewish supporters of Israel, who have traditionally helped to finance the U.S. Democratic Party, were to switch their financial allegiance in consequence.

But Republicans are also conscious of the fact that their solid supporters in the business community do not wish, for commercial as well as political reasons, to see oil-producing Arabs and the U.S Government at loggerheads. Moreover, Senator Javits has indicated that he can live with sale of fighters to Arab countries, as long as Israel's security is protected.

For what it is worth at this stage, Senator Robert Byrd, the majority leader, is said to have a count which shows about 33 of the 62 Democratic Senators leaning in favour of the package. The 38 Republicans are said to be evenly divided.

Senator Frank Church, who voted against President Carter's plan to sell F-15 fighters to the Middle East.

The House of Representatives tends to be more conservative in foreign affairs and, with mid-term elections due in November, may be disinclined to go against tradition and do something which the Israeli Government does not like.

But the whole issue, which observers here feel that the administration has played with some skill to date, remains in flux.

House passes Budget resolution

The House of Representatives has passed a resolution liming the Federal budget for the next fiscal year, to $500.8bn. with $57.7bn. deficit, Reuters reports. President Carter has proposed a budget of $49.6bn. with a deficit of $60bn. for the 1979 fiscal year, which begins on October 1, 1978. The House budget committee earlier cut $26bn. in defence funds from the request.

The House and Senate must agree on a resolution by May 15 setting spending ceilings for Government programmes. The Senate approved a budget of $498.6bn. with a deficit of $55.6bn.

Jamaica $ move

Foreign exchang markets in Jamaica have re-opened, following the fourth devaluation of the Jamaican dollar in 13 months, the Bank of Jamaica said.

U.S. oil production

U.S. crude-oil production has topped 9m. barrels a day (b d) for the first time in more than four years, AP-DJ reports from New York. The American Petroleum Institute estimates that production in May should average slightly more than 9m. b/d. Domestic oil production had been expected to rebound as Alaskan North Slope oil began moving through the Trans-Alaska pipeline. The line opened in mid-1977 but flow has increased to nearly 1.2m. b/d, the line's capacity, only recently.

LDC growth 'depends on commercial bank loans'

BY OUR OWN CORRESPONDENT WASHINGTON, May 11.

DEVELOPING nations will have to rely increasingly on loans from commercial banks, if their economies are to continue to expand at the present rate, Mr. Robert McNamara, President of the World Bank, told reporters last night.

Mr. McNamara said that the bank group would be expanding its own lending at about 5 per cent. a year in real terms over the next few years, and would be lending some $8.5bn. in the fiscal year beginning July. But less-developed countries (LDCs) in particular were growing more quickly than this, and would need to borrow from commercial banks, as well as international agencies, if they were to keep up this growth rate.

Noting that the bank expects to make as much as $235m. in profit in the current year, Mr. McNamara was sharply critical of the attempt by the Carter Administration to cut the salaries of employees at the World Bank and the International Monetary Fund. Salaries were designed to attract the best possible employees, he said, and attempts to compare them to those paid by the U.S Government were misleading.

U.S. Government salaries were now out of line with comparable figures elsewhere in the U.S., he said, which meant that the best talent was not being attracted to the federal civil service. He was determined that this should not happen to the bank and the IMF.

Mr. McNamara also underlined the fact that it is very much in the interest of the U.S. that the two organisations should be supported. The developing world was an almost limitless market for the U.S., and only if help were provided to assist further growth, could these markets themselves continue to expand.

Antigua charges

The former Premier of Antigua, Mr. George Walter, and a Finance Minister in his administration, Mr. Sydney Prince, have been committed to stand trial in St. John's on charges of defrauding the Treasury of customs duties while they were in office, our Bridgetown correspondent reports. The charges arise out of a commission of inquiry, established by the Government of the current Premier, Mr. Vere Bird, to investigate the financial dealings of the Walter Administration which was defeated at a general election in 1976. Another former member of the Walter Government, Mr. Donald Halstead, was committed earlier to stand trial on fraud charges.

U.S. COMPANY NEWS

Reynolds Metals to make steel beverage cans: Beneficial ahead in first quarter: Federal safety probe of leading car manufacturers—Page 29

U.S. LABOUR LAW REFORM

Extending workers' rights

BY JOHN WYLES IN NEW YORK

AN OLD FASHIONED battle between the forces of American capital and labour approaches something of a climax next week when the Senate is to start its deliberations on a Bill to reform U.S. labour law. The ferocity of the confrontation between the two lobbies would not have been out of place in Britain where the role of law in industrial relations has been a source of controversy and dissatisfaction since the Labour Government published its *In Place of Strife* proposals in 1969.

In the U.S. neither side of industry has questioned the principle of legal regulation in recent years. The current political struggle stems from labour's unhappiness with the way in which the initial legislation, the Wagner Act of 1935, has been amended, principally by the Taft Hartley Act of 1947, to tilt the balance of advantage somewhat in the direction of employers who might be anxious to thwart union efforts to organise their workers.

Since business is doggedly fighting to maintain the status quo and labour to change it, great importance attaches to Bill Number S2467, a version of which has already cleared the House of Representatives by a large majority. Not least among the issues at stake is the Carter Administration's reputation for securing its legislative goals, a reputation which looks a little brighter following the ratification of the Panama Canal treaties, but which is still tarnished by failures with energy legislation.

In his commendation to Congress last year, the President urged passage of the Bill as a step "to protect the rights of labour and management by strengthening . . . . sanctions against those who break 'the law." This view met howls of rejection from business. Committees against anti labour law reform have sprung up, with the National Association of Manufacturers in the opposition vanguard. Their lobbying efforts have not gone unnoticed. Mr. Ray Marshall, the Labour Secretary, told union leaders at the breakfast meeting that Senators had been bombarded with more mail about the Bill then had been received before the Panama Canal treaty votes. He observed then that the Bill had been grossly distorted by business, a complaint heartily endorsed by the AFL-CIO which has not pulled its punches. More than $1m. has been spent by labour in a national campaign for the legislation. It has been backed by none too ambiguous threats to withdraw support from congressmen who do not support the cause.

In essence the union case is that for 30 years since Taft-Hartley many employers have been able to violate their employees' human rights by frustrating their right to representation by a union. Procedures of the National Labour Relations Board, set up by the Wagner Act, are too slow and cumbersome to provide swift remedies for workers' complaints against employers' behaviour. As a result many workers are unwilling to insist on their legal rights which leaves some employers virtually free to flout the law with impunity or, when they are eventually brought to justice, liable to derisory penalties only.

The reform bill would for the first time set a time limit within which union representation elections must be held once a union had secured the requisite number of supporters in an enterprise. In extreme cases, employers at present may resort to legal devices which can lead to delays of from 16 months and two years between the time an election petition is filed and the time it is held. In the intervening period, employers can bring a variety of pressures to bear on their workers to reject the union, pressures which range from victimisation for union membership. Many of those taking part in the "victim's vigil" have won cases alleging dismissal for union activities to delivering speeches and issuing messages against the union.

Under the reform bill, unfair dismissal, once established, could leave an employer liable to paying 1½ times back pay. He could also be subjected to an injunction forcing him to re-employ the dismissed workers. An employer found through the judicial process to be a willful violator of labour law could under the reform bill be disbarred from receiving Federal Government contracts. Once a union wins representation and if an employer subsequently is found guilty of refusing to bargain in good faith the NLRB would be empowered to impose a wage settlement on the company.

Although the number of complaints of unfair labour practices lodged with the board (whose membership would be raised from five to seven to deal better with its work load) has doubled between 1965 and 1975, the conclusion should not necessarily be drawn that American employers are waging a daily and generally illegal battle against unionisation.

The National Association of Manufacturers says that in 1975 only 0.5 of the elections granted by the NLRB were delayed for a median time of 218 days. The employers say that the reform legislation could cause serious difficulties for small businesses which would not be able to react to election petitions within the limited time allowed, that it would damage co-operation between management and workers, and that in essence it is yet another "power grab" by big labour.

It is unlikely that anti-union employers can fully account for the unions' inability to boost their membership. As important, so many believe, is the fact that since the war American unions have been incompetent in their recruiting and organising. Those unions which have made big strides, such as the state and county employees, have done so in captive areas where the employer virtually delivers the workers, in this case civil servants.

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The Peugeot 604 TI–A Thoroughbred

The Peugeot 604 TI and the racehorse have many things in common. Poise, dignity and immaculate breeding are some of them. Speed, power and style are others.

But, whilst only the privileged few can afford to own a racehorse, the well-priced 604 TI is in reach of many. Unlike the racehorse which is rather a delicate creature, the car is tough and reliable as well as elegant. Tough and reliable because it's designed that way. For as befits a thoroughbred, only the best is good enough; highly skilled designers and engineers, first class materials, and the most advanced manufacturing technology all combine to produce this true thoroughbred.

The oversquare 2.7 litre V6 engine is built from lightweight aluminium, and has twin camshafts for maximum flexibility. The benefit of using lightweight materials is reflected in the excellent fuel consumption figures (33 mpg at a constant 56mph*). Technically it's at the head of the field taking full advantage of the latest developments. The Bosch K-Jetronic fuel injection system accurately meters the fuel/air mixture to increase power and reduce petrol consumption. The electronic ignition system ensures super smooth starting, and the 5-speed manual gearbox means even smoother, quieter, more economical driving, especially at high speeds. Or, for those who prefer, there's the option of a 3-speed automatic gearbox.

Comfort is naturally of the highest level and the specification of the 604 TI leaves little to be desired; 4 electrically operated windows, subtly tinted glass all round, electrically operated sunroof, power assisted steering, centralised pneumatic door locking system, rear fog lamps and a super deep lustre metallic paint finish to the body with a final coat of clear protective lacquer. The interior is as luxurious as you'd expect and where the 604 really scores is in its spaciousness. As Car magazine said, "rear leg room is almost to limousine standards."

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Model	Manual 5 speed gearbox			Automatic gearbox		
Fuel Consumption*	Constant 56mph	Constant 75mph	Simulated urban driving	Constant 56mph	Constant 75mph	Simulated urban driving
	33.2mpg (8.5 l/100km)	26.1mpg (10.8 l/100km)	16.8mpg (16.8 l/100km)	27.4mpg (10.2 l/100km)	22.4mpg (12.6 l/100km)	16.7mpg (16.9 l/100km)
Price Inc. VAT & Car Tax. Delivery & No. Plates Extra	£7581.60	Leather seats, air conditioning [illegible]		[illegible]	Leather seats [illegible]	Leather seats, air conditioning [illegible]

*In accordance with official government testing procedures.
Prices correct at time of going to press.
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The burned-out remains of lorries after demonstrations in Tehran.

Troops clash with rioters in Tehran

BY ANDREW WHITLEY

TEHRAN May 11.

THE SHAH'S regime to-day beat off a major challenge to its authority when armed troops clashed with thousands of demonstrators in the streets of Tehran.

Unconfirmed reports say there were scores of injured in to-day's Tehran clashes, but no deaths. All day long, observation helicopters have been flying over the southern part of the city. There were unconfirmed reports of tanks in the streets. A major show of force following yesterday's tough Government statement that it would no longer tolerate violence and the disruption of public order seems, for the moment, to have checked the unrest.

So far the past four day's country-wide disturbances have claimed at least 16 lives, and possibly as many as 20. The religious city of Qom, in central Iran, has been worst hit by the troubles, with fierce clashes continuing up to midnight last night.

With local police forces unable to check the violence, troops and armoured vehicles have been brought into several cities, including Qom and Tehran.

In Tehran to-day, an estimated 2,000 troops and police sealed off exits from the city's large bazaar area, the biggest in the Middle East. A crowd of several thousand had gathered to hear a fiery speech from a local religious leader in the Jomm'e mosque in the bazaar—a hotbed of dissent.

As the crowd poured out shouting anti-Shah and anti-Government slogans, they were met with tear gas and baton charges. Troops fired into the air according to eye-witnesses. But the authorities' tactics prevented the demonstrators from going more than a few hundred yards towards their destination, a mosque run by a dissident religious group, in central Tehran.

It was announced to-day that the Shah was postponing a scheduled state visit to Bulgaria due to start to-morrow. He also cancelled all other engagements.

The official reason for the four-day postponement was a cold, but most observers here believe the Shah felt it necessary to be on hand to oversee the handling of the disturbances, the worst since the early 1960's.

After the widespread demonstrations of Tuesday and yesterday there have been no further reports of unrest to-day in provincial towns. However, armoured vehicles are reported to have been stationed at key points in Qom and Mashad.

Although the clashes in major urban centres have undoubtedly been serious, doubts about the true scale of the troubles, as reported in the local media with official sanction, are being expressed by Western observers in Tehran. There are grounds for thinking that some of the reported acts of arson and attacks on property have been exaggerated, to discredit the opposition as hooligans.

The constant theme of official comment, newspaper reports and editorials have been the "people's opposition to the acts of a senseless minority" numbering no more than a few thousand. After blanket coverage yesterday of the disturbances, to-day's Press and radio reports have made virtually no mention of them. They have concentrated on the Government's riposte.

Mosques and university campuses have been the core of the unrest with the bazaar shopkeepers providing a vocal, and easily aroused, mass backing. The two main underground guerrilla groups in Iran, the radical Muslims of the Mujaheddin and the more orthodox left-wingers in the Fedaiin-e-Khalq are also believed to be active behind the scenes.

Privately, the Government puts much of the blame on the exiled religious leader Ayatullah Khomeini, now living in Iraq.

Khomeini undoubtedly commands considerable loyalty still among the religious community in Iran and has a network of followers around the country. But his role has probably been exaggerated.

The Government believes that funds are being provided for Iran's dissidents by two unnamed Arab countries, and has reiterated that George Habbash's radical Palestinians are known to have trained Iranian terrorists in the past.

Kaunda to press Callaghan on Rhodesia

BY MICHAEL HOLMAN

NAIROBI, May 11.

THE ZAMBIAN ECONOMY requires substantial Western aid if it is to pull out of its three-year recession. The logic meanwhile of the country's opposition to Rhodesia's internal agreement and support for the guerrilla movement leads to increasing military aid from Socialist bloc states.

It is these two issues, possibly mutually exclusive, which will dominate talks in London this week-end between President Kenneth Kaunda and Mr. James Callaghan, the British Prime Minister, before the Zambian leader flies on to Washington to meet President Jimmy Carter.

Dr. Kaunda is likely to argue that there is a middle way: that it is not too late for Britain and the U.S. to force Mr. Ian Smith, the Rhodesian Prime Minister, and the black members of the new Administration to accept the Anglo-American proposals for a settlement.

However, Zambian officials fear the worst. They suspect that the West will place no obstacles in the way of the internal agreement and will give at least de facto recognition should a majority of black Rhodesians vote in the general election scheduled to take place by the end of the year.

This would not put an end to the war, they say, and the new Government of "Zimbabwe," backed by the West and South Africa would be aligned against the guerrilla-backed Patriotic Front led by Mr. Joshua Nkomo and Mr. Robert Mugabe, and the African front-line states who would call on Russia and Cuba for assistance.

Although this grim scenario is frequently projected in Lusaka, Zambia at the same time desperately needs Western aid for its hard-pressed economy, hit by the low prices of copper which provides 95 per cent. of the country's foreign exchange earnings.

The recent IMF credit of $390m. — the first instalment was paid this week — will help halt the decline. But further aid is needed. Hence the presence in Dr. Kuanda's party of Mr. John Mwanakatwe, the Minister of Finance, Mr. Francis Walusiku the Ministry's Permanent Secretary, Mr. Dominic Mulaisho, the President's economic adviser at State House, Mr. Luke Mwananshiku and the Bank of Zambia Governor.

Efforts to raise this assistance are well under way. The first meeting of the so-called "consultative group" of major aid and trade partners takes place in Paris next month under the auspices of the World Bank.

There is no official target, but privately Zambian officials hope for a package worth $400m., accompanied by possible deferment or rescheduling of certain external debts.

Moscow, Peking relations tense

By Colina MacDougall

THE OUTBREAK of fighting along the Sino-Soviet border in Heilungkiang Province, in China's north-east, and the Chinese note protesting at the alleged Soviet military intrusion shows how tense relations between Moscow and Peking have become.

Talks about the border, the scene of serious incidents in 1969, only resumed again recently, when the Soviet negotiator, Mr. L. F. Ilyichev, Deputy Foreign Minister, arrived in Peking on April 26 after being broken off in February last year.

In recent weeks, Peking has become highly sensitive over territorial issues, unexpectedly raising the question of the disputed Senkaku Islands with Japan and protesting against Japanese-South Korean offshore oil developments in disputed waters.

There have been reports of fighting along the Sino-Vietnamese border. While these have not been officially confirmed, the frontier there has undoubtedly been a serious source of friction.

The round of Sino-Soviet border talks in progress in Peking is the second to be held since the death of Chairman Mao Tse-tung. In November 1976, the Soviet negotiators returned to Peking after a long break, presumably in the hope that the new Chinese leadership would prove less intractable than the old.

From October, 1976, until May, 1977, Moscow refrained from open criticism of Peking, but Chairman Hua Kuo-feng's Government continued unceasingly the previous line that the Soviet Union was the main threat to world peace.

In March this year, Peking replied, to a February Soviet proposal that both sides should make a joint declaration on peaceful co-existence, that such a statement would be meaningless. If Moscow really wanted to improve relations, Peking said, it should sign an agreement on maintaining the *status quo* on the border, averting armed clashes and disengaging both sides' forces in the disputed area.

These have been Peking's conditions for negotiating since discussions were agreed originally in 1969. Peking maintains that Premier Kosygin accepted them at the time, but the Russians have stated publicly since then that they could not withdraw their forces along the border, as that would leave a vacuum into which the Chinese would move.

David Satter adds from Moscow: There was no immediate reaction from Soviet authorities to the Chinese charge that Soviet troops had been involved in an incursion into Chinese territory. But the development is consistent with the steady increase in tension over the border question during recent months.

The visit by Mr. Leonid Brezhnev, the Soviet President, to military units along the Chinese border last month was interpreted both within the Soviet Union and abroad as a warning to the Chinese of Soviet military determination following Chinese rejection earlier this year of a Soviet proposal for a joint declaration of principles.

The Soviet anti-Chinese propaganda machine which was all but silent for eight months following the death of Mai Tse-tung is now fullly operational. The most recent offerings was a commentary by the Soviet news agency Tass rejecting Chinese Chinese demands for the withdrawal of Soviet troops from Mongolia and accusing the Chinese of seeking to annex Mongolia.

China warns Japan over shelf deal

By Our Own Correspondent

TOKYO, May 11.

THE ALMOST imperceptible progress of China and Japan towards signing of a treaty of peace and friendship encountered another obstacle yesterday when China issued a stiff protest against alleged infringement of its sovereignty represented by Japan's proposed continental shelf agreement with South Korea.

The protest, which is strongly worded, was handed to Japan's ambassador in Peking, Mr. Shoji Sato, by the Chinese Vice Foreign Minister, Mr. Han Nien-lung, on Wednesday night. The Japanese Foreign Ministry first reported the meeting without revealing that it had been called at Chinese initiative to protest about the continental shelf agreement. China, however, issued a statement through the New China News agency which describes the agreement with Korea as "wholly null and void" and accuses Japan of "trying to mark off, behind China's back a 'joint development zone' on the continental shelf in the East China sea."

The Chinese statement does not imply any claim to the shelf area but describes Japan's decision to partition the continental shelf with South Korea as a "deliberate and serious act . . . which is detrimental to Sino-Japanese relations."

The timing of the Chinese protest is linked to Japan's parliamentary schedule which provides for the Korean pact to be ratified by the upper house of the Diet before the end of the current session. The protest is, in fact, the third of its kind to be issued by China.

Foreign Ministry officials admitted this afternoon that Japan had been about to propose a meeting between ambassador Sato and vice Foreign Minister Han to discuss new (and possibly decisive) moves on the treaty

THE SOUTH KOREAN ECONOMY

Future growth

BY A CORRESPONDENT IN SEOUL

BY 1991, SOUTH KOREA will rank as one of the 20 biggest economic powers in the world, and as about the 12th most important trading nation. From its present status as a "semi-industrialised middle-income nation," it will have been transformed into an advanced industrial country, with per capita GNP approaching the 1975 levels of Japan and Western Europe.

Full employment will have been achieved, and living standards dramatically improved. The number of people per car will dive to 17 from 300 in 1976, and the number per telephone to three from 28. These are some of the projections contained in an exhaustive study of Korea's economic prospects completed early this year by the Korea Development Institute, a Government-endowed think-tank, and published by the Government's Economic Planning Board.

The report, entitled "The Long-term Economic and Social Development of Korea (1977-1991)," took 18 months to complete.

It was originally commissioned partly because economic planners felt that after the oil crisis, energy strategy could no longer be accommodated through five-year plans alone. With rising protectionism an ever-present threat to Korea's export-oriented economy, the planners also felt the need for some long-range projections of the changes in the industrial structure which will be needed to preserve Korea's access to — and comparative advantage in—overseas markets.

To put it mildly, 15-year forecasts are a risky business, which few economists would care to be held to account for. But after their phenomenal success in boosting the nation's real GNP by an average of around 10 per cent. a year since 1960 (and weathering the awesome post-oil crisis balance of payments storm), Korean planners, both inside and outside Government, fairly bubble with confidence that the new report's ambitious goals can be achieved, or even improved upon.

The most fundamental assumption of the report, unquestioned by any leading economic planners in Korea, is that the nation must continue to aim for very fast growth at all costs, in order to expand job opportunities for a population growing at 1.5 per cent a year and ensure equitable income distribution. It must also strengthen the nation's defence capabilities to ward off the threat of an attack from the Communist North.

The report foresees real GNP growth of 10.1 per cent. a year between 1977 and 1991. GNP in 1991 is projected at $350bn. in current prices. Per capita GNP is seen as $7,700 at current prices, and $4,000 at constant 1975 prices. This is higher, the report says, than comparable income figures for to-day's middle-ranking developed countries.

The projected growth rate is expected to boost employment by an average of 3.2 per cent. a year. This indicates that the Koreans are confident they can increase productivity by nearly 7 per cent. a year through improved technology, increased economies of scale, and capital intensification in industry.

The second fundamental assumption in the report is that Korea's economic growth must continue to be aggressively export-led.

With scarce natural resources of its own, with increased imports (especially of foodstuffs) necessary to raise living standards, and with high requirements for foreign exchange to build a self-reliant defence force, "an export-led industrialisation strategy is the inevitable choice" for Korea, the report says.

It projects that exports will rise by about 20 per cent. in nominal terms (about half the growth rate of the past 15 years) to reach between $110bn. and $130bn. in 1991.

By such criteria as past performance, per capita export capability, and the Korean share of world trade (estimated at about 2 per cent. in 1991), the forecast is a perfectly realistic one, which might even be considered conservative, the report maintains.

The assumption for world trade growth is 13 per cent. in nominal terms, and 7 per cent. in real terms.

Economic planners freely admit their deep concern with the protectionist threat. They are also very anxious to reduce their excessive dependence on two markets—the U.S. and Japan—which account for over half of Korean trade.

"If world trade grows less quickly than we think," said one senior economist involved in drawing up the KDI report, "then we shall have to make sacrifices. But that's the price we must pay to raise per capita income.

"And if advanced countries like Japan do not upgrade their export-mix quickly enough to make room for us in medium technology areas like cars and electronics, then we shall also have difficulties. But," he adds, "despite possible constraints, I am sure we can achieve our goals."

The report projects that the light industrial goods share of manufactured exports will fall to about 27 per cent. in 1991, from 64 per cent. two years ago, while the share of the machine industry will more than double from 21 per cent. to nearly 50 per cent. a level similar to that of present day Japan.

Automobile production is forecast to increase to 2.1m. units a year in 1991, of which 900,000 will be exported. Shipbuilding is projected at 3.1m. gross tons, including 2.1m. tons of exports.

The report forecasts that Korea's import structure will gradually become similar to advanced countries, as the domestic industrial structure changes.

In 1991, food is expected to account for 8 per cent. of the total import bill of around $110bn., non-edible raw materials for 20 per cent., mineral fuels for 15 per cent., machinery for 27 per cent. and chemicals for 9 per cent.

Import liberalisation programmes will be implemented to head off protectionism overseas against Korean exports, and to strengthen domestic industries through exposure to foreign competition.

The report takes a sanguine view of the future availability of mineral resources, stating "it seems unlikely that resource shortages will become acute enough to impede world economic growth."
democracy.

It also says energy is not likely to pose an insurmountable problem for Korea in the long-term, although it recommends increased stockpiling of oil, and diversification of sources, including coal and nuclear energy.

Senior economic planners also say that by 1991 Korea could be leading the world in exploitation of solar energy.

But is the report too optimistic? Can the Korean economic planners keep it up? Foreign observers in Seoul generally point to three areas of doubt.

One is the havoc which a world trade depression could inflict on the Korean economy, where the ratio of external trade to GNP is close to 30 per cent., and forecast to rise slightly further.

The second is the rapid rate of inflation built into the Korean economic structure, a problem which the economic planners admit they will probably be unable to solve for years, and which will probably necessitate further devaluations of the won.

The third, perhaps the biggest question mark of all, is the possibility of the outbreak of war on the Korean peninsula.

If the economic planners are right, the rapidly increasing economic might of the South will make it impossible for the North to consider aggression. As one seasoned foreign observer in Seoul put it "the South Koreans are almost unbelievably aggressive and competitive. They have a lot of problems, but when they set economic targets, they are not to be taken lightly."

N. Korea attacks U.S. arms gift

North Korea has attacked President Carter's plans to give South Korea military equipment to compensate for the withdrawal of all U.S. ground forces from the Republic, Reuter reports from Panmunjom.

At a tense meeting of the Korean Armistice Commission, the North Koreans said the U.S. was preparing Korea for war by giving Seoul more planes, tanks, guns, ammunition and rockets.

"An all out war could break out at any time," North Korean General Han Ju Kyong told the UN side at the meeting, the first for nine months.

President Carter last month announced he was delaying the scheduled departure of two U.S. combat battalions from South Korea because of Congressional inaction on his request for an $800m. arms transfer to South Korea to make up for the loss of the ground troops.

The U.S. intends to withdraw all 32,000 ground forces in Korea.

Tokyo to consult foreign banks

BY CHARLES SMITH

TOKYO, May 11.

FOREIGN BANKS will have their views taken into account when reforms to Japan's banking system are being considered, Mr. Christopher Tugendhat the EEC Commissioner for the budget and financial institutions has been told by Japanese officials. This appeared to be the most specific undertaking offered by Japan in response to suggestions by Mr. Tugendhat that Japan should act to relax restrictions and remove misunderstandings about the treatment of foreign banks in Tokyo.

Mr. Tugendhat leaves Tokyo to-night after three days of talks with officials of the Ministry of Finance and the Bank of Japan. The talks focused on a number of problems which have been bothering foreign (and particularly European) banks. These include: restraints on the opening of new branches and the allegedly unfair formula used for assessing the dollar fund, raising costs of foreign banks for tax purposes.

On the first of these two problems Mr. Tugendhat said he had been told that applications from foreign banks for the opening of new branches would be treated with a "high degree of flexibility." On the latter point he said he had agreed with Japanese officials that it was desirable to eliminate complaints about tax problems as rapidly as possible.

The other main point taken up by Mr. Tugendhat was a proposal for the introduction of CDs (certificates of deposit) as a new fund-raising instrument in the Japanese money market. CDs would enable foreign banks to raise more yen funds and thus help to reduce their heavy dependence on swapping of foreign exchange into yen (which remains restricted by individually set quotas).

Mr. Tugendhat said that the CD proposal seemed to be of interest to the Finance Ministry. He understood that it was being discussed by the Financial System Study Council (a permanent body attached to the Finance Ministry, but including private industry representatives, which has the task of recommending reforms to Japan's financial system). In future the council would take into account views of foreign banks on CDs and related issues.

Desai survives motion of no confidence

By K. K. Sharma

NEW DELHI, May 11.

MR. MORARJI DESAI, the Indian Prime Minister, to-day survived the first vote on a motion of no confidence in the Janata Government moved by the Congress opposition in the Lok Sabha (Lower House of Parliament) with ease. The Congress did not divide the House and the motion was rejected on a voice vote.

It was apparent that the Congress had blundered in bringing the motion so soon after it won a Parliamentary by-election in the key Uttar Pradesh state.

It did so because divisions in the Janata Party were sharp and in the hope that these would make many members of the ruling party vote against the Government.

This might have happened had the debate and vote on the motion been held next week as the leader of the Congress opposition, Mr. C. Stephen, hoped.

This proved a miscalculation when Mr. Desai insisted on an immediate debate and this ended before moves for political realignments could take shape. The motion acted as a temporary cementing force on the disunited and demoralised Janata Party.

But the ease with which Mr. Desai has survived the confidence vote does not diffuse the crisis into which the Janata Party has been plunged after its first major loss in a Parliamentary by-election in nothern India where it swept all the seats in the 1977 general election.

Moves for political realignment are still being made, although the real trial of strength cannot take place in the near future since the rules do not permit more than one no-confidence motion in a session.

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WORLD TRADE NEWS

Leyland S. Africa cars division takeover likely

BY QUENTIN PEEL JOHANNESBURG, May 11.

EARLY AGREEMENT is expected between Leyland South Africa, British Leyland's wholly-owned subsidiary here, and another South African motor manufacturer on the takeover of Leyland's car division.

Mr. Peter Murrough, managing director of the South African operation, says negotiations are advanced with at least three other manufacturers for rationalisation of Leyland's manufacturing divisions. Agreement in principle might be reached within three months.

His statement follows the announcement in the British Leyland annual report that £17.1m. has been set aside as an extraordinary item to cover possible losses resulting from discontinuing car manufacture in South Africa. The more profitable lorry and bus division here is not expected to be affected.

Mr. Murrough said the provision had been made to cater for the "worst possible view": the complete closure of Leyland's car plant at Blackheath in the Cape. "The provision is the value of current and fixed assets," he said. "It is simply shrewd accounting."

The company most frequently mentioned in connection with Leyland's rationalisation plans is Sigma, which manufactures Chrysler, Mazda and Mitsubishi vehicles and in which the Anglo-American Corporation has a 75 *per cent. stake.* They agree they are talking.

However, there remain several possible forms of rationalisation. One company might simply take over the entire car division and move manufacture and assembly to its plant. Otherwise, a company might negotiate a franchise to manufacture the Leyland range, or part of it.

The company has performed poorly in an ailing passenger car market. Last year it had some 4 per cent. of the market, or about 600 car sales a month. Although the company issues no independent profit figures, the South African motor industry as a whole is estimated to have lost some R50m. (£31m.).

However, the company has just spent R15m. (£9.4m.) retooling for the new Rover 3500, and Mr. Murrough says the order book is a third higher than the company's most optimistic forecasts. "We've now got a car selling extremely well."

The bus and lorry division is much the most successful, with Leyland top bus producer in South Africa with more than 50 per cent. of the market, and third for heavy commercial vehicles, with some 15 per cent.

There are 12 car manufacturers in the South African motor industry and much further rationalisation beyond that of Leyland is expected before the next phase of the local content programme comes into effect on January 1, 1980.

The programme, which will insist on 66 per cent. local content (by mass) for passenger cars and light commercial vehicles, will require much further investment by manufacturers, many of whom have insufficient market share to *justify it. The heavy commercial* vehicle sector, however, has no such compulsory local-content programme.

● In the annual report, published last week, British Leyland referred to the depressed car market in South Africa and said the company had decided "to curtail direct involvement in car manufacture in this territory." Efforts to mitigate losses from that decision would include possible co-operation with other manufacturers and distributors.

Japan imports rise

The number of cars imported into Japan is beginning to climb more rapidly, according to figures from the Japan Automobile Importers' Association, Terry Dodsworth writes. Last month they rose 25 per cent. to 4,257 models, mainly because of removal of import tariffs and the appreciation of the yen.

Australia agrees steel curb

CANBERRA, May 11.

AUSTRALIA WILL limit its steel exports to the EEC this year to 450,000 tonnes under an arrangement announced by the Special Trade Representations Minister, Mr. Vic Garland, at a Press conference here.

That compares with 1977 exports of 480,000 tonnes. Finished steel products will comprise 300,000 tonnes of the 1978 exports, against the 260,000 tonnes exported in 1977, Mr. Garland said.

Steel industry sources in Melbourne noted, however, that Mr. Garland negotiated with the EEC on the basis of 1976 figures.

Australia exported 564,000 tonnes of steel to the EEC in 1976, including 329,000 tonnes of finished steel, the sources said.

Mr. Garland said the Government does not regard the arrangement as generous, and in a later joint statement, he and the Trade and Resources *Minister, Mr. Doug Anthony, said* the arrangements are subject to EEC member states' ratification.

Australia also agreed to the arrangement reached with other steel exporters to the EEC, under which they agreed to set export prices at 6 per cent. below the EEC list price for general steels and 4 per cent. below for special lines.

● Mr. Anthony predicted in Sydney to-day that Australia would rival the Middle East oil states as a prime energy exporter within a few years because of its vast reserves of coal, uranium and gas.

He told an economic conference that the world recession had had a temporary dampening effect on demand for Australian minerals.

"As an exporter of coal, gas and uranium we will play an important and necessary part in meeting the energy needs of the Reuter

Bergsten's warning worries Rio

BY DIANA SMITH RIO DE JANEIRO, May 11.

THE HINT of United States retaliation if Brazil did not alter its "exceptionally high import tariffs," made in New York by Mr. Fred Bergsten, U.S. Assistant Treasury Secretary, has caused dismay in Brazilian foreign trade circles.

Mr. Bergsten's assertion that tariffs, subsidies and compensatory taxes on shoes and textiles (subject to strict U.S. quotas) should be reduced, otherwise "these measures could provoke the reaction Brazil so rightly fears," was read out on his behalf to the Brazilian-American Chamber of Commerce at the very time when U.S. and Brazilian trade officials were, apparently amiably, discussing common efforts.

Although no specifics were debated, the talks between Mr. Alan Wolff, chief adviser to Mr. Robert Strauss, and Brazilian Ministers have been covering the possibility of mutual tariff reductions or compensatory rights as well as the international subsidies code and an international tribunal to assess damage to local industries through exports.

Brazil's foreign trade officials wonder if Mr. Bergsten has confused temporary import restrictions or tax concessions on many exports with systematic protec*tionism.*

They are perplexed because the Carter Administration seemed willing to discuss important trade issues in the GATT context and to give equitable consideration to Brazilian exports. They say the average tariff on imports from the U.S. is not "extraordinarily high"—it works out at 8 per cent.

Record investment by development bank

BY OUR OWN CORRESPONDENT RIO DE JANEIRO, May 11.

BRAZIL'S NATIONAL Development Bank (BNDE), created 26 years ago to back the development of basic products, capital goods and small to medium companies, distributed a record \$2.8bn. in 1977—45 per cent. more than in 1976.

The evolution of the bank's payments *since 1952 illustrates* the rapid growth of the Brazilian economy from 1952 to 1957, \$886m. were distributed, while from 1973 to the end of 1977, no less than \$17.4bn made their way into key sectors of the economy.

Of the \$2.8bn. distributed last year, some 36 per cent. (\$1bn.) went into basic products, such as mining, steel, non-ferrous metals, chemicals and petrochemicals, pulp and paper, or cement, with steel absorbing \$341m

A further 35 per cent. (about \$981m.) was applied to basic *equipment or capital goods,* largely through the BNDE's subsidiary agency, Finame, which offers financing to companies setting up or expanding production. Because of the government's drive to hold down inflation, Finame funds were held to a tight ceiling—\$1.125bn.—to finance either basic products or basic equipment. This meant that not all requests could be satisfied and priority was given to companies offering a minimum rate of 85 per cent. national sources of equipment.

The BNDE also forged ahead with *its shareholder-financing* programme aimed at increasing the capital of private companies through financial assistance to would-be shareholders.

BNDE itself turned in a profit of \$220m. in 1977 (income of \$1.46bn., outlays of \$1.26bn.).

Singapore airline talks with banks

By David Lascelles

NEW YORK, May 11.

SINGAPORE AIRLINES expects to finance about half of the \$900m. purchase price of its giant order for Boeing passenger jets externally, most of it with the U.S. Eximbank, the airline's chairman Mr. J. Y. M. Pillay was reported as saying here to-day.

He indicated that perhaps 30 to 40 per cent. might come from Eximbank the rest of the external financing being done through private banks.

He said: "we are talking to several banks, including U.S. banks, European banks, Singapore banks and Japanese banks."

Of the share to be financed internally, Mr. Pillay said about half would come from the sale of jets that the new ones would replace, and the rest from operating profit and cash flow.

Cyprus deficit up

CYPRUS'S trade deficit widened by 74 per cent. last year to £124.3m., according to an official report analysing foreign trade in 1977, Our Nicosia Correspondent writes.

FARM MACHINERY

Aid for Brazilian manufacturers

BY SUE BRANFORD IN SAO PAULO

THE BRAZILIAN Government has decided to ease financing conditions for the purchase of farm machinery after discussion between Banco do Brasil and representatives of Abimaq, the Brazilian manufacturers' association. The manufacturers blame the Government for their present crisis, pointing out that because of the sales slump, 12,000 tractors are at present standing in the yards outside their factories.

Financing for the purchase of tractors and other farm machinery will now revert in most cases to 100 per cent. Subsidised interest rates of 15 per cent. per annum will also continue. These favourable conditions prevailed until July of last year when the proportion financed was reduced to 60 per cent., as part of the Government's tough anti-inflationary package.

Manufacturers are reacting cautiously to this first Government concession to their increasingly vociferous complaints. Mr. Jorge Logemann, president of Schneider Logemann, the country's largest manufacturer of combine harvesters, said that the measure has come too late, "with winter approaching, most crops have already been harvested. We hoped that the measure would be announced at the beginning of the year, when it would have had a positive impact on sales."

Luis Adams of Massey Ferguson do Brasil expressed his approval "in principle." But he pointed out that the main difficulty over the past couple of years has not been the terms of the financing but the great reluctance with which Banco do Brasil agencies has negotiated loans.

Prospects here remain poor. On the basis of Ministry of Agriculture production forecasts the manufacturers had asked for a Banco do Brasil credit line of cruzeiros 29.5bn. (£950m.) for the financing of farm machinery purchases this year. But because of the Government's strict monetary control, they were given just cruzeiros 17.5bn. (£580m.).

Mr. Walter Stedile, director of the Lorry and Tractor Manufacturers Union, said "estimates now suggest that this year we will only sell 48,000 tractors on the domestic market, which is a disastrously low level. It only has to be recalled that, according to calculations made for the second national development plan, Brazil needs a production of 76,000 tractors in 1978."

Manufacturers complain that the Government created false expectations. In 1973, Mr. Antonio Delfim Netto, then Finance Minister, openly threatened to abolish import tariffs unless local manufacturers upped output to meet domestic needs. In response, manufacturers increased their expansion plans and Ford, which had closed its first tractor plant in 1967 after a period of strict credit control, built a new factory, which it opened in July 1976. As a result national production doubled from 34,197 tractors in 1972 to 67,845 in 1976.

But because of the credit difficulties, production fell 18 per cent. last year. Sales dropped even further and the manufacturers ended the year with excessive stocks.

The manufacturers maintain that the Government's credit cuts are also hurting the country.

Mr. Ule Engelbrecht, president of Massey Ferguson do Brasil, comments "it is clearly shortsighted of the Government to place serious impediments in the way of the mechanisation of farming. How is Brazil to reduce its wheat imports and increase exports of soyabeans, black pepper and other crops, if farming methods are not modernised?"

The two largest manufacturers —*Massey Ferguson and Ford*— are managing to attenuate the impact of the domestic crisis through an increase in exports. Last year Massey Ferguson exported 2,741 tractors, worth \$17.5m. This was 72 per cent. of the country's total. Ford exported 1,200 tractors, worth \$7.8m. from its new plant last year and considers export prospects good this year.

Local manufacturers are concerned that the current difficulties may force Brazilian companies to close down or merge with multinationals. Earlier this year, International Harvester bought a 43 per cent. share in Ideal, one of the largest of the 105 manufacturers of farm machinery in the south of Brazil. Ideal is facing serious problems of idle capacity and believes that its new foreign partner will solve its liquidity difficulties. Other local manufacturers may well follow *Ideal's example.*

More U.K. overseas orders expected

BY LORNE BARLING

MORE THAN a third of British companies in a recent survey on exports believe that their volume *of sales abroad will greatly increase* over the next two years, although that may be tempered by exchange rate movements.

The report also warns that that optimism may be questionable because much of its basis has been successful trade performances over the past five years. More than four-fifths of *companies reported better ex*ports during the period.

The survey, by Industrial Market Research, covers 280 British industrial companies. It shows that although most have increased their overseas activities, the level of their export staff has remained static.

"Small companies, particu*larly, have remained static in* their manni nglevels, while 14 per cent. of the largest category of companies have actually cut back on export staffing.

The policy was seen as an indication of satisfaction in the cost-effectiveness of existing staff levels and a recognition of its qualitative importance.

The survey produced considerable unanimity on the importance of factors in export marketing, in the following order: price; product quality and expertise; delivery. After-sales service was generally regarded as important for capital goods.

"What is particularly surprising," the report says, "in the light of the favourable exchange rate and the relatively low production costs enjoyed by British exporters, is the low rating given to price as an advantageous factor."

How British Industry Exports: Industrial Market Research £15.

Dutch export aid caution

BY CHARLES BATCHELOR AMSTERDAM, May 11.

A BIG Dutch credit insurance company has raised a lone voice against increasingly urgent calls from businessmen for extra aid for exports. Holland must beware of going too far to stimulate the country's lagging foreign trade, the privately owned Nederlandse Credietverzekering Mij (NCM) said.

Industry's growing clamour for Government aid in export subsidies, help with interest payments, mixed credits, tied development aid and more flexible credit insurance may lead to unfair competition, it said in its annual report. Holland runs the risk of ignoring international agreements to avoid distortions to free competition.

Dutch exporters need no extra help with export financing since in most cases "matching funds," set aside to compensate for unfair export assistance by foreign governments, are enough to redress the balance. The com-

EEC cash for study

In a move to improve European penetration of the Japanese market, EEC Commission President Roy Jenkins told the European Parliament to-day that the Commission's draft 1979 budget will include 575,000 European Units of Account to help to send people qualified in business or industry to Japan to study that country's economic structure, language and culture, David Buchan writes from Strasbourg.

Mr. Jenkins suggested that under the proposal, which must be approved by the Parliament and the Council of Ministers, some 20 people might spend periods of up to 18 months in Japan.

HOME NEWS

Computer company link with Japan

By Max Wilkinson

AGREEMENT WITH Hitachi, of Japan, for exchange of technical information was announced yesterday by International Computers.

The agreement has been put into effect with the visit this week of five of Hitachi's development engineers to the company's plants at Manchester, Stevenage and Letchworth.

Hitachi's computer development is linked closely with that of Fujitsu, the largest Japanese computer company, which in turn has signed an exchange agreement with Siemens of West Germany.

The link between Hitachi and International Computers is by no means as close as that between Siemens and Fujitsu. Unlike Siemens, the U.K. company will not be marketing Japanese computers in Europe, nor will it be exchanging products or production know-how under this agreement.

International sees the agreement's being confined to exchange of general information about research and development rather than detailed co-operation on development projects.

Close technical links between the two companies could prove difficult in any case because Hitachi's computers work on the same principle as those of International Business Machines, while International's employ a different and incompatible internal system.

Freight carriers form group

By Our Industrial Staff

SEVEN European companies have formed a trade association in an attempt to avoid overcapacity and low freight rates in the container transport industry.

The plan is for members to regulate capacity and prices and provide industry with a door-to-door international container delivery service.

The International Through Transport Operators Group said last night that this was in line with policy in the European Community.

Recovery in car output goes on

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

CAR production kept up its strong recovery last month. It is running at a rate which will lift output by 100,000 units compared with 1977 if it is maintained for the rest of the year.

At the same time, commercial vehicle output strengthened and looked likely to come out comfortably above the 398,000 units produced last year.

The figures, published yesterday by the Industry Department, show that recorded car production last month was the best for a four-week period since May of last year. At that time, output was particularly good because British Leyland was recovering from the long toolmakers' strike, while preparing for the summer holidays when production always tends to go up.

Last month 119,000 units were produced, compared with 111,000 in January, and an average monthly figure of 109,000 last year.

The seasonally adjusted total fell slightly compared with last month, when the industry had an exceptionally good spell and recorded 126,000 units, the best figure for well over a year.

Last month the seasonally adjusted total came out at 121,000 units, compared with 112,000 in January, and better than all but the two months of April and May last year, when output rose to 122,000 cars.

The big improvement in production in the last three months means that seasonally adjusted output has gone up by 8 per cent. in this period compared with the previous quarter.

If this performance continues, the industry could produce between 1.42m. and 1.46m. cars this year, compared with 1.31m. last year and 1.33m. in 1976.

The recovery falls far short of the best years at the beginning of this decade. The industry achieved its record output of 1.92m. in 1972, and recorded a production of 1.74m. cars in 1973, before falling to the low point of 1.26m. units in 1975.

On the commercial vehicle side, output promises to break through the 400,000-a-year barrier once again, although not to approach the 450,000 figure which was reached between 1969 and 1971.

Last month, recorded truck production was 34,900 units, compared with 31,100 in January. Seasonally adjusted, the total was 36,200 vehicles. The industry has improved its output by 9 per cent. in the last three months, compared with the previous quarter.

The signs are that in the car and commercial industries manufacturers are stepping up production gradually in the expectation that markets will be higher than predicted at the beginning of the year.

But, this increase is being controlled carefully because of the fear that demand may fall suddenly in the latter part of the year and once again precipitate redundancies.

North Sea licence terms worry U.S. companies

BY BRUCE ANDREWS

THERE HAS been an unfavourable initial reaction from American oil companies to the U.K. Governments' proposals for the sixth round of offshore production licensing, announced on Wednesday.

Continental Oil, which has substantial North Sea interests, regards the terms as unattractive. A senior manager of another large oil company, with significant North Sea investments, says he could not recommend his company to apply for an allocation under the terms proposed.

Mr. Al Savage, Conoco's manager for international acquisitions, in what he stressed was a preliminary comment, said his overall reaction was that the terms were less likely to attract oil industry interests than those of previous U.K. licensing rounds.

He was particularly concerned, he said, by the provision which invited oil companies to "bid up" the British National Oil Corporation's equity interest in a licence, and that which would allow a company to grant BNOC a carried interest during the exploration phase.

Cononoco was also concerned about the other "biddable" items, said Mr. Savage, under which BNOC could be given an option to purchase a portion of the applicant's share of production and an option to sell its own share back to the applicant at market price.

Moreover, six months' notice of BNOC's intention to exercise these options, as provided in the proposals, was too short for any company involved in long-term crude oil contracts.

The definition of the price at which these transactions should take place was "up in the air," Mr. Savage added. He noted that they would be at market price, to be settled by an expert if disputed. "But what is 'market price'?" he asked, "and who would the expert be?"

Another provision that worried Conoco was that which granted the initial operatorship for the exploration phase only. "If you are going to set up a staff to operate on a block you like to continue through into the development and production stages—if a commercial find is made."

A senior exploration executive of a company with large-scale North Sea activities, who preferred not to be identified, described the options provisions, in particular, as "very objectionable."

"I could not recommend my company to apply under these conditions," he said. "I think we can do better elsewhere. If the time comes when we can't, we'll be back, but at the moment there are other countries where the licence terms are more attractive. Remember that the acreage the U.K. now has to offer is either unknown, such as that in the south-western approaches, or is in areas which have been.

"Up to now, the effort in Britain has encouraged the industry to invest in the North Sea, and the success has proved the value of having a large number of companies involved, with a variety of ideas. We have often in the past cited Britain as providing a good example of a well managed exploration programme."

Both the managers interviewed acknowledged that the terms announced were proposals only and felt that they would be modified after consultations with the industry.

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Colt imports cut by 1,000

By Terry Dodsworth

COLT, the importer of the Japanese range of Mitsubishi cars in Britain, has had its quota of shipments from Japan cut from 9,200 in 1977 to 8,200 this year.

The cut, announced yesterday by Mr. Michael Orr, the managing director of Colt Car, follows the agreement under which the Japanese Government is controlling exports to Britain to the same level as last year.

It indicates that, once the restrictions begin to bite, Japanese car sales in the U.K. will have to fall from the high levels they have achieved in the first few months of the year. Up to the end of April they had gone up to 70,000 units from 42,000 in 1977.

The two leading Japanese car importers, Datsun and Toyota, have already said that their shipments will be reduced this year to 80 per cent. of last year's total.

There have been some protests recently from MPs claiming that the Japanese are not fulfilling the terms of the deal and tightening up on shipments.

Importers point out that they are free to bring in the cars they are allocated for the year whenever they wish. Most of them would like to import them as soon as possible because of the danger of a further slide in sterling.

Tories plan tax aid for small concerns

By John Elliott, Industrial Editor

WIDESPREAD REFORM of Britain's tax systems aimed at helping the development of small companies were proposed yesterday by the Conservative Party's small business bureau.

The reforms would apply to a special type of company which the Conservative Party wants established in law to be known as the "proprietary company." It would cover companies with less than 50 employees and an annual turnover of less than £500,000.

It was suggested late last year by the Conservatives that such a company should be exempted from various statutory form-filling and other administrative requirements. Yesterday the tax advantages involved were spelt out in a pamphlet published by the bureau.

The objective is to reduce the overall burden of taxation by cutting income and corporation taxes, by reducing the complexity of tax laws, and by eliminating what the bureau describes as "many of the anomalies and injustices in existing tax laws."

Mr. John Nott, the Conservative spokesman on trade, said that reforms such as these could help small companies to expand and so cut unemployment. He estimated that a 5 per cent increase in the output of Britain's small businesses could reduce unemployment by 450,000.

The tax reforms could be applied with or without adoption of the proprietary company idea and would not involve a major overhaul of existing tax law.

On corporation tax, the pamphlet proposes adjusting accounts for inflation, reducing tax rates on actual profits, simplifying capital allowances rules, granting tax depreciation on commercial buildings, making stock relief permanent, and introducing start-up tax "honeymoons."

A New Deal for Small Businesses: Taxation and the Proprietary Company. By Christopher Sandy. Price £1. The Conservative Party Small Business Bureau, 32, Smith Square, London S.W.1.

Talks soon on British air routes

By Michael Donne, Aerospace Correspondent

Two separate series of bilateral air negotiations affecting U.K. overseas air routes start towards the end of this month.

A team from the U.K. goes to Oslo for talks starting on May 29 on a new pact that it is hoped will settle outstanding differences on additional air services to and from Scandinavia by British independent airlines.

Some months ago, several U.K. independents, including British Midland Airways, were planning to start new services to Scandinavia from various British points, but found their licences blocked by the Scandinavians. As a result, these services have not begun.

On May 22, a team from Malaysia is due in London for further talks on a new Anglo-Malaysian air services agreement. The resumption of Concorde flights through Malaysian airspace to and from Singapore is expected to be discussed.

GKN to launch four-wheel car for disabled

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

GKN SANKEY, the Telford-based subsidiary of the GKN group, is planning to start production of a newly-designed four-wheel car for the disabled in spring next year.

The car, based on Leyland Mini mechanicals, won a Design Council commendation yesterday for the "fundamental dedication of its design to the special requirements of the disabled driver."

It allows disabled drivers to enter in a wheelchair from the rear, and to carry two passengers in side-mounted seats at the back. The driver can take over the controls of the car without moving from the wheelchair.

GKN Sankey is planning to produce between 1,500 and 3,000 units of the vehicle a year, and calculates that it could make money on the project if it exceeds an output of a little over 1,000 cars. The retail price will be in the region of £3,000.

The group has looked at sales prospects in the U.K., and is investigating Continental markets as well, where it believes there is considerable potential. Mr. Bert Wood, marketing director of GKN Sankey, said the company's research had indicated that this was the only four-wheeled petrol-driven car of its kind in the world. The French manufacture a similar vehicle, but it is electrically-driven, and costs about £7,000.

The project is part of Sankey's diversification strategy, and should help to take up some of the slack created by the decline in the world tractor market which has hit the company's tractor cab business. Workers on the tractor cab business are due to go on to a four-day week shortly.

Sankey already has some expertise in vehicle building for its AT105 armoured personnel carrier. It also makes the sub-form for the Mini, which will be used in the invalid car, along with bought-in fibreglass panels.

Mr. Wood believes that the basic market for the vehicle will come from the type of disabled person who formerly bought the now discontinued three-wheeler.

There is reckoned to be a yearly market for about 3,000 of these vehicles in Britain, but some sales may be siphoned off in future into the modified versions of standard cars which are now being introduced for the disabled.

One of the key elements in making the Sankey vehicle viable will be to get the support of Motability, the Government-sponsored agency which negotiates with the car manufacturers to make sure that the disabled get the best deal for their £10-a-week mobility allowance. Motability will be examining the new GKN vehicle next week.

Because it is so closely linked with the Leyland Mini, the plan is for Leyland to distribute and service the car.

EEC plan improves U.K. steel prospects

BY ROY HODSON

STEEL PRODUCTION and steel demand are both rising in Britain, helped by the stabilising influence of the EEC Davignon Plan.

Production by the British Steel Corporation and the private sector for companies averaged 438,800 tonnes a week during April — an improvement of 15.4 per cent. upon the same month last year.

Consumption of finished steel in Britain in the first quarter of the year is estimated by the Department of Industry to have been 3.98m. tonnes — the highest figure since 1976.

The plan, introduced in January by Viscount Etienne Davignon, the EEC Industrial Commissioner, is designed to control the marketing of steel within the Community, and to limit the importation of cheap steel from third nations.

So far reactions from producers, stockholders, and major customers to the Davignon Plan have been broadly favourable.

When the National Association of Steel Stockholders holds its 50th anniversary conference in Eastbourne next week it is expected to show overwhelming support for the stability that the plan is providing for consumers and producers in the short-term.

British Steel's figures show that demand for heavy steel and flat rolled products has improved steadily this year. In Wales, where the bulk of the sensitive flat-rolled production is concentrated, output has risen from 115,000 tonnes a week in February to nearly 137,000 tonnes a week in April.

In the Sheffield and Scunthorpe area production has risen from 130,000 tonnes a week in February to 142,000 a week in April.

Total private and public sector steel output has risen from 393,000 tonnes a week in February to 438,800 tonnes a week in April.

The Department of Industry reports that deliveries from British steel producers to consumers and stockholders were 3m tonnes in the first quarter. Imports in the same period totalled 830,000 tonnes.

Stocks of steel fell slightly during the first three months of the year bringing the total stock held by consumer and stockists down to 16.3 weeks of normal steel demand.

New jobs boost for depressed rural areas

By David Freud

THE GOVERNMENT'S programme to stem the depopulation of the English countryside will reach its target of providing 1,500 jobs annually for the first time during this financial year.

The Development Commission, the Government's instrument for channelling aid to depressed rural areas, will mount a £17m. programme this year, compared with £9.3m. in 1977-78.

The Budget measures included an extra £5.5m. for the commission and its grant had already been increased to account for inflation.

Of the total, £8.4m. will be spent on factories, bringing the annual completion rate to between 70 and 100. This will provide about 1,500 new jobs.

The commission was given this job creation target three years ago and has been building up to it steadily.

The loan programme has also been stepped up. The commission has increased the revolving loan fund of the Council for Small Industries in Rural Areas—its main agent—by £3m. to £11.5m.

This means that there is £4.8m. new money to be lent out, compared with £3.4m. in 1977/78. Because CoSIRA's interest rates have recently been brought down to the Department of Industry's preferential rates, there is likely to be demand for all this finance.

The lion's share of the money available for factories will go to Northumberland, which will take up £1.49m in 1978/79. Cornwall will receive £1.09m., North Yorkshire £1m., Cumbria £906,000 and Lincolnshire £950,000.

Rail fares pegged for rest of year

By Ian Hargreaves, Transport Correspondent

RAIL FARES will not rise again this year, Mr. Peter Parker, British Rail chairman, said yesterday after his Board had reviewed the latest passenger figures.

The statistics show that traffic increased by 3 per cent. in the first quarter of this year on top of the overall 3 per cent. gain of 1977.

"We believe that this improvement will continue and enable us to meet our contract with Government without having to increase passenger fares again this year," said Mr. Parker.

Fares were last raised by an average of 14.5 per cent. in January. At that time, British Rail promised that there would be no further increase before the autumn.

Commonwealth of Australia

Fifteen Year 6½% Bonds Due June 15, 1932

To the Holders of the above-described Bonds:

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above-described issue, Morgan Guaranty Trust Company of New York, as Sinking Fund Agent, has drawn by lot for redemption on June 15, 1978 at 100% of the principal amount thereof through operation of the Sinking Fund, $1,041,000 principal amount of said Bonds bearing the following numbers:

207	1984	3424	4590	6278	7452	8543	9750	11241	12618	14122	16102	17389	19018	20555	21683	23812
256	2068	3425	4593	6302	7459	8573	9795	11249	12639	14197	16116	17405	19049	20626	21740	23845
265	2069	3461	4636	6318	7467	8577	9806	11267	12640	14199	16121	17449	19122	20685	21745	23856
275	2161	3467	4644	6319	7492	8579	9808	11271	12650	14220	16142	17502	19132	20690	21790	23874
286	2162	3512	4645	6323	7496	8594	9838	11334	12662	14221	16175	17506	19166	20703	21793	23879
315	2163	3519	4684	6333	7516	8636	9859	11413	12686	14228	16236	17557	19174	20721	21798	23982
318	2181	3524	4713	6366	7533	8640	9865	11455	12688	14242	16237	17560	19178	20722	21820	23985
326	2257	3557	4714	6377	7534	8645	9879	11468	12712	14282	16252	17601	19223	20727	21830	23998
339	2263	3571	4732	6474	7541	8657	9898	11490	12743	14285	16299	17695	19239	20728	21925	24096
375	2265	3572	4764	6491	7546	8674	9900	11540	12745	14315	16331	17706	19244	20731	21934	24102
411	2268	3611	4801	6509	7607	8691	9913	11545	12750	14351	16348	17712	19294	20741	21978	24103
424	2278	3647	4823	6512	7651	8692	9990	11546	12780	14358	16349	17735	19295	20823	21980	24116
435	2279	3666	4827	6538	7706	8698	10007	11584	12782	14389	16393	17737	19297	20826	21987	24210
482	2393	3670	4834	6542	7708	8707	10031	11644	12796	14423	16416	17746	19309	20842	21988	24295
483	2398	3702	4844	6544	7742	8718	10034	11680	12812	14464	16477	17786	19320	20852	22237	24314
495	2428	3710	4857	6558	7751	8721	10040	11684	12822	14496	16483	17800	19355	20885	22258	24339
507	2440	3761	4941	6563	7753	8797	10045	11715	12863	14502	16484	17836	19356	20898	22282	24361
530	2441	3766	4983	6572	7755	8807	10069	11724	12901	14623	16508	17858	19445	20917	22292	24457
535	2444	3796	5046	6601	7761	8811	10070	11743	12923	14812	16512	17863	19447	20945	22325	24483
538	2454	3822	5047	6622	7763	8839	10078	11745	12933	15270	16548	17883	19448	20971	22329	24496
554	2467	3826	5051	6627	7786	8855	10115	11771	12942	15281	16574	17891	19482	20986	22383	24513
585	2560	3831	5131	6681	7799	8866	10136	11779	12959	15282	16617	18007	19489	21000	22941	24515
588	2672	3862	5136	6748	7808	8916	10159	11799	12966	15288	16636	18028	19495	21020	22957	24591
606	2686	3946	5139	6750	7816	8971	10179	11875	12969	15298	16637	18033	19499	21038	22970	24607
626	2689	3947	5147	6790	7862	8986	10190	11888	12999	15302	16658	18092	19530	21046	22992	24639
663	2719	3954	5180	6791	7870	9017	10236	11949	13005	15320	16679	18152	19613	21050	23030	24646
705	2722	3959	5181	6803	7917	9027	10239	11954	13022	15373	16696	18167	19643	21068	23074	24677
773	2724	4002	5182	6827	7923	9028	10280	11955	13039	15388	16698	18175	19645	21078	23097	24698
780	2750	4038	5184	6857	7973	9093	10290	12033	13048	15396	16705	18192	19646	21098	23101	24705
837	2754	4050	5254	6862	7998	9161	10300	12061	13116	15402	16716	18198	19672	21139	23112	24707
846	2762	4061	5265	6889	8073	9185	10304	12073	13144	15512	16789	18210	19709	21143	23128	24712
859	2782	4070	5267	6907	8082	9224	10327	12090	13169	15521	16803	18214	19751	21146	23132	24715
886	2797	4076	5271	6910	8092	9225	10378	12114	13194	15532	16805	18228	19800	21178	23148	24733
890	2833	4084	5287	6914	8112	9227	10379	12122	13210	15542	16823	18306	19830	21195	23198	24737
951	2834	4122	5301	6915	8117	9229	10380	12135	13224	15561	16829	18346	19897	21196	23217	24746
964	2836	4138	5349	6917	8136	9237	10483	12205	13504	15569	16839	18357	19907	21197	23258	24752
1056	2845	4175	5355	6938	8168	9297	10489	12216	13506	15570	16847	18361	19921	21222	23260	24768
1059	2863	4195	5388	6949	8169	9364	10495	12217	13507	15571	16864	18383	19957	21232	23348	24775
1065	2869	4203	5403	6952	8216	9406	10550	12222	13527	15577	16877	18409	20053	21241	23352	24851
1090	2876	4264	5421	6965	8221	9414	10553	12315	13536	15641	16911	18450	20190	21281	23371	24862
1120	2888	4285	5425	6996	8228	9425	10554	12317	13566	15645	16931	18461	20206	21294	23434	24863
1128	2890	4331	5469	6998	8229	9443	10572	12335	13569	15652	16953	18471	20218	21348	23435	24876
1133	3042	4340	5471	7022	8267	9457	10575	12357	13570	15699	16968	18475	20219	21350	23446	24882
1142	3064	4365	5488	7029	8282	9471	10576	12365	13602	15708	16982	18477	20237	21363	23452	24914
1147	3090	4377	5493	7048	8292	9508	10582	12370	13603	15752	16985	18502	20257	21387	23501	24921
1480	3100	4387	5521	7062	8317	9538	10608	12392	13610	15766	16994	18504	20265	21411	23538	24962
1482	3125	4389	5530	7078	8326	9562	10689	12401	13632	15800	17033	18510	20268	21417	23544	24978
1494	3145	4395	5542	7100	8327	9567	10738	12404	13642	15834	17042	18519	20283	21418	23573	24980
1522	3157	4399	5685	7117	8328	9569	10749	12423	13666	15842	17062	18538	20320	21438	23592	24999
1534	3159	4408	5679	7131	8332	9585	10767	12455	13679	15849	17116	18611	20380	21452	23612	
1536	3169	4419	5680	7136	8351	9594	10769	12466	13680	15915	17118	18672	20400	21477	23652	
1763	3176	4403	5716	7151	8385	9596	10797	12471	13692	15916	17157	18636	20403	21478	23655	
1788	3226	4480	5724	7218	8388	9638	10799	12489	13698	15918	17159	18734	20417	21484	23657	
1821	3228	4494	5760	7227	8409	9638	10838	12491	13709	15929	17174	18740	20428	21524	23670	
1925	3231	4497	5817	7287	8414	9639	10868	12492	13847	15962	17217	18743	20444	21528	23682	
1927	3254	4506	6100	7338	8442	9640	10897	12506	13864	15963	17292	18752	20455	21531	23687	
1929	3284	4514	6129	7343	8448	9663	10899	12508	13878	15993	17325	18780	20464	21548	23706	
1939	3326	4515	6180	7382	8452	9665	10901	12519	13880	16011	17331	18801	20467	21609	23710	
1954	3339	4521	6189	7384	8455	9670	10905	12535	13989	16027	17334	18881	20494	21610	23744	
1957	3366	4523	6192	7385	8466	9699	10943	12542	13997	16048	17340	18972	20500	21636	23754	
1968	3372	4534	6195	7439	8473	9731	11200	12547	14014	16068	17365	18989	20541	21674	23755	
1983	3395	4537	6199	7443	8529	9746	11219	12558	14111	16073	17366	19013	20548	21681	23760	

The Bonds bearing the numbers above specified will be redeemed and paid on and after June 15, 1978, at the principal amount thereof, upon presentation and surrender of such Bonds with all coupons maturing after said redemption date, at the option of the holder either (a) at the **Corporate Trust Office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, N.Y.,** or (b) subject to applicable laws and regulations, at the main offices of Morgan Guaranty Trust Company of New York in Antwerp, Brussels, Düsseldorf, Frankfurt (Main), Munich, London or Paris, or the Reserve Bank of Australia in London, or Amsterdam-Rotterdam Bank N.V. in The Netherlands. Payments at the offices referred to in (b) above will be made by check drawn on a bank in New York City, or by a transfer to a United States dollar account maintained with a bank in New York City.

Coupons maturing on June 15, 1978 should be detached and presented for payment in the usual manner.

From and after such redemption date no interest shall accrue upon or in respect of any such Bonds called for redemption as aforesaid.

May 12, 1978

COMMONWEALTH OF AUSTRALIA

NOTICE

The following Bonds previously called for redemption have not as yet been presented for payment:

398	4035	4594	4881	6795	8372	9770	10365	11332	14333	15548	21823	23597
3085	4266	4637	6630	7030	9371	10343	10612	13823	14454	15550	21824	

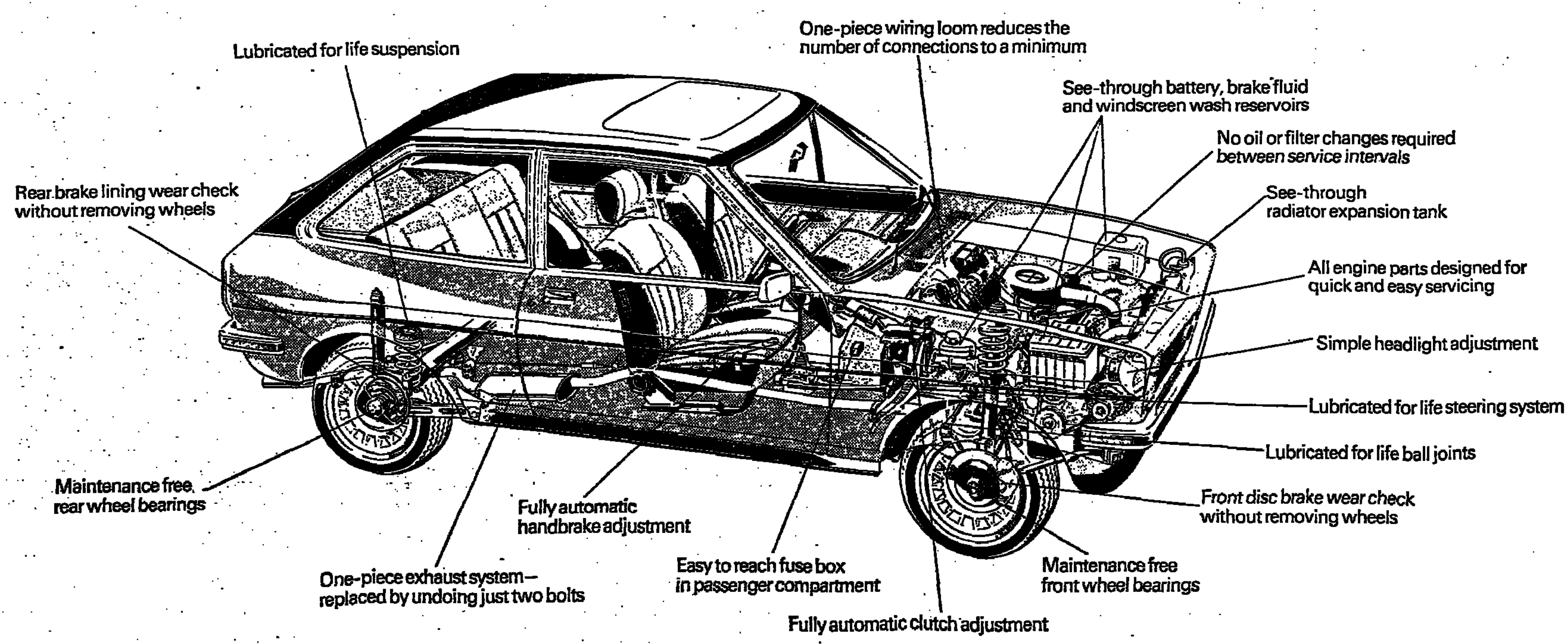
Ford Fiesta wins award for reducing your motoring costs!

Design Council Award 1978

Design Council Citation

“The Ford Fiesta was given a Design Council Award because the design embraced, as a matter of policy, a detailed and calculated attempt to reduce the maintenance and repair costs of the small family car. For the first time a design team has put cost of ownership and ease of maintenance high on its list of priorities instead of much lower as has so often been the case in the past two decades or more. This “ab initio” approach has set the pace amongst competitive manufacturers both in the UK and abroad. Indeed, evidence of the past year has indicated that other manufacturers are following the example. Furthermore, the judging panel could not find any characteristics of the complete “package” which did not meet the overall criteria necessary for a Design Council Award. The judges considered the design philosophy of the Ford Fiesta to be a significant and praiseworthy contribution towards the requirements of contemporary car manufacture and ownership.”

Judge for yourself–test drive the Ford Fiesta today



FORD FIESTA Ford

HOME NEWS

CBI plan for MPs to decide on wages

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

PLANS for Parliament to set up a new select committee on the economy whose primary job would be to prepare an annual report on what the country can afford in wage rises have been prepared by the Confederation of British Industry.

The idea, which bears some resemblance to proposals being developed by the Conservative Party, will be debated by industrialists at the confederation's monthly council meeting on Wednesday.

A policy paper outlining how it might work was sent yesterday to Mr. Denis Healey, Chancellor of the Exchequer, and has been discussed with Conservative Party leaders.

The select committee, backed up by a small secretariat in the same way that the Comptroller and Auditor General services the Public Accounts Committee, would prepare a half-yearly progress report in addition to a main annual report. It would also provide impartial reports on statistics in pay disputes.

"We need a consensus to be developed to help get a public debate going each year on what can be afforded on wages." Sir John Methven, CBI director general, said yesterday.

The confederation's policy paper also deals briefly with what should happen in the next pay round at the end of the summer.

It warns that any pay policy should be as flexible as possible to help widen pay differentials. The Government should also abandon its current practice of over the Government applying pay sanctions in recent weeks—apart from the row over the General Electric Company's investments grants for two factories—it is still determined to do all it can to persuade Ministers not to continue the sanctions into next winter.

However, the discussion paper says little more about the next stage of pay policy. Its main hope is that moves will be started soon to set up the new select committee—or some other similar body linked to Parliament—so that it will be ready to influence the 1979-80 pay round.

Disliked

The ideas have been developed in the light of a tough debate at the confederation's first annual conference last November.

Industrialists made it clear they not only disliked rigid pay norms, but also that they would not approve any system which smacked of the "corporate state" with the Government, the confederation and the TUC meeting to decide what the country's economic and wages policy should be.

For this reason, unlike recent Conservative Party ideas, the confederation is not proposing a new national forum along the lines of the National Economic Development Council. Instead it wants an organisation closely tied to Parliament, and considers a new select committee to be probably the best idea.

Such a body could rapidly develop into Parliament's most important select committee. It would be made up of MPs like the other existing committees, although some industrialists believe that Ministers should sit on it as well. In addition, its appeal could be widened by a small number of Privy Councillors being included.

The committee would receive economic and other evidence from Government Ministers and civil servants, from national bodies such as the CBI and TUC as well as other interests, plus expert advice from its own secretariat.

It would then prepare its annual report which it would present both to Parliament for debate and to the Government, whose Cabinet would take it into account when framing economic policy.

● Commenting on Wednesday's Green Paper on monopolies and mergers, Sir John Methven said that recommendations given by the Director of Fair Trading to the Government should probably be published if the number of mergers examined by the Monopolies and Mergers Commission were to be radically increased.

Rank Xerox decides not to buy council office

RANK XEROX has pulled out of buying the £27m. Berkshire County Council offices near Reading which are still under construction.

The council put the offices up for sale because they would have been too large for its needs, especially following staff reductions over the past few years.

Rank Xerox has been negotiating for the offices over the past few months and is believed to have recently submitted an application for an office development permit. The company said last night it had had a change of mind over the proposed deal.

Twenty divers join Eleni wreck team

BY PAUL TAYLOR, INDUSTRIAL STAFF

THE SPECIALIST diving support vessel Star Pegasus and a team of 20 divers joined the attempt to shift the wreck of the Greek tanker Eleni V yesterday and prevent further pollution of the English coastline.

The Star Pegasus, owned by Star Offshore Services, was hired on short contract by the Department of Trade to help fix a second line to the forward section of the Eleni V, which is still anchored in position three miles from Lowestoft.

Star Pegasus has a four-point mooring system, a 15-ton jib crane which can support a work cradle, a diving bell and pumping gear to maintain the wreck's buoyancy.

Earlier, officials of the department had hoped it might be possible to complete the work on the upturned hull in time for yesterday's noon tide. However, work was delayed by the difficulty of fixing a shackle to the hull over fuel tanks and by the fact that the wreck had settled deeper into the sandbank on which it rested.

The officials are talking in terms of beginning the tow to a deepwater buoy further from the coast within the next few days. From there, it is hoped to tow the wreck, and the 2,000 tons of heavy fuel oil still believed to be aboard, into the Atlantic where it will be sunk.

Up to 2,000 tons of the tanker's oil cargo have escaped into the North Sea since the ship was sliced in two on Saturday. In spite of the efforts of up to 22 spraying vessels, some of this oil has reached a 40-mile stretch of coastline between Winterton and Aldeburgh.

£25m. vessel to fill offshore safety gap

BY BRUCE ANDREWS

THERE IS no vessel in service in the North Sea fully equipped to handle an oilwell blow-out or fire, according to "Boots" Hansen, a Texan veteran specialist on "wild" wells.

Mr. Hansen attained worldwide fame just over a year ago when, as a member of the Red Adair Co. he led the team which fought the blow-out on the Bravo on the Ekofisk field in Norway's sector of the North Sea.

He later left Red Adair and formed his own company, Boots and Coots, in partnership with "Coots" Matthews, another Adair veteran.

Boots and Coots has been advising a U.K. offshore marine contractor, Northern Offshore, on safety aspects of the design of what is described as the world's most advanced offshore safety and maintenance vessel.

Northern Offshore is close to placing an order for the vessel, a semi-submersible with 18,000 horse-power omni-directional thrusters and a total installed power capacity of 27,000 h.p. The vessel is expected to cost about £25m.

The yard most likely to be awarded the order is thought in the industry to be Scott Lithgow, on the Clyde, but at this stage there remains a possibility that the building will be outside Britain.

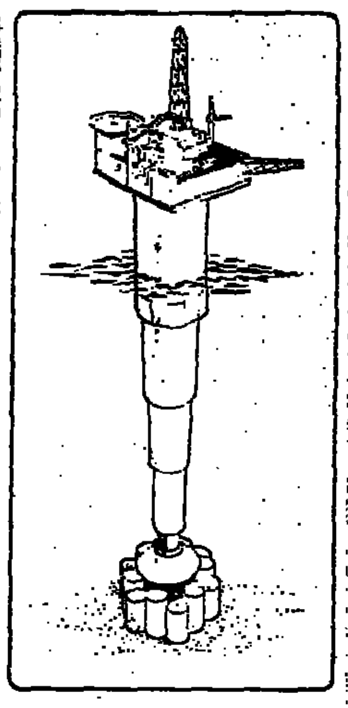
"The barge we have been putting together will be the first to be able to handle enough people and squirt enough water," said Mr. Hansen. "The British Government has asked the North Sea oil companies to build vessels for emergency, not simply floating welding shops. Ours will be both."

Northern Offshore describes the vessel as an FSIV—a field support and intervention vessel. It will be able to carry a drilling rig and enough chemical "mud" to drill a deviation well to relieve pressure on a well which was "wild."

There will be four pumps capable of delivering 60,000 U.S. gallons of water a minute.

Offshore 'telescope' platform planned

By David Fishlock, Science Editor



AN INGENIOUS new way of building an offshore oil platform in the form of a floating "telescope" (illustrated above) which can be extended to reach the seabed was unveiled by Taylor Woodrow Construction in Houston yesterday.

It has been announced at a time when concrete platforms for deep waters are no longer popular because the massive structures used so far have taken so long to complete.

The Arcolprod platform consists of several concentric cylinders which can be poured simultaneously, then assembled into the compressed telescope in shallow waters, ready for towing to sea.

It is the major project in a £3.5m. research and development programme undertaken by the offshore division of Taylor Woodrow Construction, with participation by five U.S. oil companies, the EEC Hydrocarbons Project, and the offshore research programme of the Department of Energy.

A scale-model 5 feet high, exhibited at the 10th Houston Offshore Technology Conference drew immediate attention, said the construction group yesterday.

The Arcolprod is a one-legged platform, which once extended is anchored flexibly to a base piled into the seabed through a ball-joint and synthetic tendons.

In this way it has been designed to "give" with the force of wind and sea, swaying as much as 10 degrees from the vertical — although a typical North Sea storm should deflect it only about 3 degrees.

As designed at present, the platform will serve in sea depths from 500 to 1,300 feet.

A typical design of platform for a sea depth of 800 feet would be a column tapering from about 110 feet in diameter at sea level to 34 feet diameter at the foot, and containing about 70,000 tonnes of concrete.

Hattersley says inflation will fall sharply

BY DAVID CHURCHILL

MR. ROY HATTERSLEY, Prices Secretary, yesterday forecast a "further spectacular improvement" in the April retail price index when it is announced at the end of next week.

Although he did not give any specific figures, his optimism is likely to mean up to full percentage point drop in the inflation rate. Last month the year on year figure was only 9.1 per cent., the lowest yearly rate since August 1973.

A sharp improvement is expected in any case in next week's index as it will be compared with April, 1977, when the inflation rate was comparatively high.

But Mr. Hattersley maintained, at a lunch held by the American Chamber of Commerce in London, that the rate of inflation would stay in single figures throughout this year.

"Since I believe the next pay round will be characterised by responsible settlements, I believe the inflation successes of this year will be carried on into next."

He acknowledged that the recent small rise in the wholesale price index would have a small adverse impact on retail prices, but said this would not significantly affect Government forecasts.

He warned that people should not talk themselves into a pessimistic outlook for the economy. The Government's mistake in the past was to "under-estimate the speed and extent of improvement."

Mr. Hattersley also advised against demands for cuts in public spending and attacked critics of the Price Commission who suggested it was harming industry's profitability.

Court told bakery had 44 convictions

BY DAVID CHURCHILL

A WEST COUNTRY bakery company, Smiths Bakeries (Westfield) was yesterday adjudged by the Restrictive Practices Court to have "persisted in a course of conduct detrimental and unfair to consumers."

The case was the first to be heard under part three of the Fair Trading Act, which gives powers to the Office of Fair Trading requiring companies to give assurances that they will not contravene consumer protection legislation.

Mr. Gordon Borrie, Director General of Fair Trading, had applied to the court for orders under the Act because Smiths Bakeries had refused to give voluntary assurances as to their future conduct.

These assurance had been sought, the OFT said yesterday, following 13 convictions for offences under the Food and Drugs Act since September 1975 for selling food, mainly bread, which contained foreign bodies. The company also had 31 convictions on July 19, 1976, for offences under the Food Hygiene regulations relating to conditions at their bakery premises at Westfield, Radstock, near Bath.

The Restrictive Practices Court accepted undertakings from the company and its director, Mr. Austin Charles Smith, that they would refrain from that conduct. Breach of the undertakings would constitute a contempt of court.

Costs were awarded to the Director General of Fair Trading.

Shops and hotels to take Eurocheques

BY MICHAEL BLANDEN

EUROPEAN VISITORS to Britain will find it easier to buy goods in the shops following a new move by the British and Irish banks to extend the use of the Eurocheque system here.

The banks have agreed to co-operate with their continental counterparts in extending the use of the uniform Eurocheques and Eurocheque card system into shops, hotels and other retail outlets throughout Great Britain and Ireland.

Retailers and hotels which will be able to take Eurocheques under guarantee to pay the bills of the visitors. At present, the use of Eurocheques is technically limited to cashing a cheque at a bank, though some retailers have been prepared to accept them.

The Eurocheque scheme is a joint operation which provides uniform cheque forms and guarantee cards, and the British banks hope that it will be possible to start the scheme later this summer.

Bank customers from France, Germany, the Netherlands, Belgium, Luxembourg, Switzerland and Finland will be able to make use of the extended cheque guarantee facility.

The banks have yet to work out detailed procedures before bringing the scheme into effect. In particular, they want to arrange a clearing system for the resulting cheques, preferably providing for a single centre to handle them all, and to agree charges to be made to retailers for handling the business.

ITT home computer to cost about £900

BY MAX WILKINSON

PLANS TO market a home computer which plugs into an ordinary television set were announced yesterday by ITT.

The company also has plans to market a video-tape recorder, which will record up to four hours of continuous television programmes, and a high fidelity system made in Japan.

The home computer, about the size of an electric typewriter, was demonstrated in London yesterday responding to commands from the ordinary human voice.

The ITT computer is based on a design from Apple, a U.S. company, which makes computers for home use. It can be linked to a cassette tape recorder for the storage of data or the input of programmes. It is expected to cost about £900. Printers and other equipment will be available to plug into the machine.

The company expects sales of micro-computers for home use to reach a total of £160m. by 1982, when it believes 225,000 units will be sold in the U.K. This year 100,000 units have already been sold in the U.S., the company estimates.

One of the main competitors for the home computer market is Commodore which is producing a unit which includes a keyboard, television-type screen and tape deck all in one unit for about £700.

ITT's new video-recorder is made by Grundig in Munich under licence from Philips. Its main competitors in Europe will be Sony Betamax, the Matsushita Video Home System under various different brand names, and the Philips system itself.

The ITT machine will be selling at about £800 and will be available in August.

Brewers believe they can cut fuel bill by 10%

BY OUR INDUSTRIAL STAFF

THE BREWING industry believes it can cut its £42m. annual energy bill by more than 10 per cent.—or £4.25m.—the Department of Energy said yesterday.

The brewing industry is one of the first to set such a target and the Department hopes others will follow this example.

The target has been set as a result of a questionnaire from the Brewers Society to member companies. Replies from companies responsible for 64 per cent. of beer production showed estimates of energy savings to be made over the next four years ranging from 2 per cent. to 33 per cent. The weighted average was 10.4 per cent.

The remaining companies said they had energy-saving measures in hand or being considered but they could not quantify the likely reduction.

Most of the savings will arise from "good housekeeping" measures — better insulation, wasting less hot water and so on —and investment in more efficient plant.

£12,500 for diamond ring at Sothebys

SALEROOM

BY ANTONY THORNCROFT

YESTERDAY was another quiet day in the London salerooms. At Sothebys a jewels sale totalled £140,841 with a best price of £12,500 for a diamond weighing 8.41 carats, in a ring. Another diamond ring sold for £8,800.

A pewter sale at Sotheby's made £26,767. Mundy gave £1,100 for a large Stuart charger by John Donne of London and Hempson gave £820 for a pair of German pricket candlesticks of the early 18th century. At Belgravia silver totalled £84,347 with Koopman giving £3,500 for a large Alexander Macrae six light "fine arts" centrepiece of 1861. A Robert Harper four-piece tea and coffee set of 1860 realised £1,550. In the paintings auction at Henry Spencer of Retford which totalled £18,786, a foxhunting scene by George Wright did well at £2,000.

Bonhams held an auction of European paintings which totalled £120,940 with 9 per cent. unsold. The Gonshall Galleries acquired "A Game of Billiards" by Jean Carlous for £3,500 and a harbour scene by William Webb of 1892 fetched £2,800. "A Toast" by Laslett Pott made £2,400 and a study of the racehorse "Corrie Roy" far exceeded its estimate at £2,000.

A sale of English furniture and objects of art at Christies' totalled £42,440. Fernandez and Marche, the London dealers, paid £3,400 for a satinwood and marquetry cylinder bureau of the late 19th century and and squirt enough water," said ing welding shops. Ours will be Phillips £2,300 for a George III satinwood semi-elliptical commode. An anonymous bidder gave £1,700 for a satinwood and marquetry Carlton House desk.

The carpet sale at Christies added £159,350 and the wine £51,494.

In a Phillips sale of art nouveau and deco, which realised £39,685, Forest paid £2,000 for a Chiparus bronze and ivory figure of a dancing girl. At Phillips West 2, a Bosendorfer boudoir grand piano which belonged to the late Richard Addinsell, the composer of the "Warsaw Concerto," was sold for £1,550 to Read, a dealer.

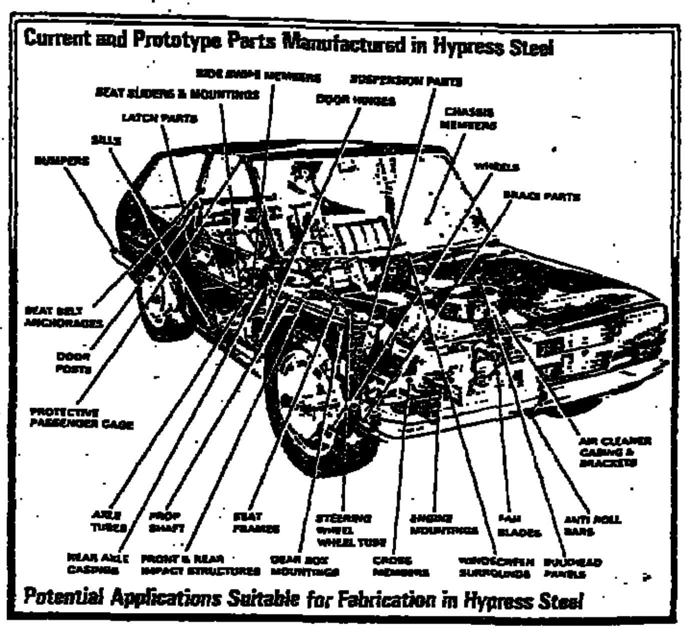
هكذا عشت الأجيال

HOME NEWS

Titanium 'can lighten cars—and fuel cost'

BY ROY HODSON

Current and Prototype Parts Manufactured in Hypress Steel



Potential Applications Suitable for Fabrication in Hypress Steel

A NEW RANGE of steels containing titanium, being made experimentally by the British Steel Corporation, will mean stronger cars which are lighter, with consequent fuel savings. Ford of America says that almost 1 *cwt may be slashed from the* weight of an average Detroit model.

British Steel expects the latest version of its range of Hypress steels to have a big impact on car and truck design. A direct commercial benefit from the new product is likely to be an *increase in the corporation's* exports to the U.S. which are running at 750.000 tonnes a year.

Hypress is the trade name for a group of steels with high strength and low alloy content which British Steel has been developing for more than 10 years, mainly for the motor industry. The corporation's research and development department has been trying additives so that mild steel can be more easily welded, more easily formed by car body presses, and be more resistant to the flexing fatigue that vehicles undergo on roads.

Titanium is an expensive but strong metal which is also light and rust-proof. The resulting *mix discovered in British Steel* research laboratories is producing higher-strength steels for bulk use than has been possible before. The new Hypress has twice the strength of earlier versions.

The new steels are being specially produced in cold rolled *and annealed form at* Rotherham. Joint work is going on with car companies to assess performance for body panels and bonnet and boot lids.

Hypress research and development is being geared towards securing new steel sales quickly with world truck and car makers. British Steel research is being largely directed towards improving product quality and assisting customers rather than increasing the output of major steelworks.

Sea-air link to oil platforms

By Paul Taylor, Industrial Staff

PASSENGER ferries could replace aircraft and helicopters as the main method for transporting people to some North Sea oilfields if an experiment being run by Shell is successful.

Shell Transportation and Production has started a month's trial using the 5,000-ton Swedish passenger ferry Stena Germanica to move company staff direct from Aberdeen to the Brent oilfield complex north-east of Shetland. The Stena Germanica can carry 600 passengers. It has been fitted with a helideck to *take a Bell 212* helicopter, which will be used to transfer up to 14 people at a time from ship to platform. The use of a helicopter overcomes the problem of mooring the vessel to the platform.

At present almost all the staff needed on the five Brent field platforms are moved by aircraft ferrying crews from Aberdeen to Sumburgh, and then a helicopter shuttle service for up to 24 people at a time out to the field. However, the system suffers from two problems. Firstly Sumburgh in the Shetlands is the main transhipment airport for the whole of the Shetland basin and is often subject *to congestion. Secondly bad* weather, particularly in the winter, can cause considerable flight delays.

Tests using the ferry and Bell helicopter have begun and several full-scale runs out to the field from Aberdeen are likely to be made this month.

If the trials are a success the Stena Germanica is expected to be based in Aberdeen.

GRENSIDE COMMITTEE RECOMMENDS MAJOR CHANGES IN DISCIPLINARY PROCEDURES

Towards a charter for accountants

FINANCIAL TIMES REPORTER

EXTENSIVE CHANGES in the disciplinary and investigatory procedures of the three main U.K. accountancy bodies — the Institutes of Chartered and Certified Accountants—are proposed in an important report published to-day. The recommendations of the committee, which was chaired by Mr. John Grenside, *senior partner of Peat Marwick* Mitchell, have already been accepted by the bodies concerned and could be in force by the end of next year.

Among the main features of the proposals, which are wholly based on the notion of self-regulation, are recommendations for:

- Extending the accounting bodies' disciplinary procedures on a joint basis to cover all cases where inefficiency or incompetence by accountants affects the public interest.
- Disciplinary action to be taken against *accounting firms* for the first time, with the possibility of unlimited fines.
- A levy on all accountants to cover the costs of the joint scheme.
- Lay representation at all levels in the disciplinary machinery.
- Stricter control over the issue of practising certificates.
- The establishment by each body *of a practice advisory* service from which accountants in trouble could seek help and guidance.

The Grenside committee was established to consider the report of the earlier Cross committee, whose conclusions largely disappointed both the Government and leaders of the profession.

The following is an abridged version of the new report:

The liability of members to disciplinary action is at present largely confined to cases of professional misconduct. We accept the view of the Cross report that the term "misconduct" normally covers cases where a member has behaved badly. Thus inefficiency or incompetence, to fall within the scope of the term "*misconduct,*" *must be so gross and in*excusable that it can be categorised as bad behaviour.

Recognising that care must be taken to avoid demanding, under threat of penalty, such high standards as could militate against the reasonable exercise of professional judgment and competence, nevertheless we recommend that:

Liability to disciplinary action should be extended to cover inefficiency and incompetence in the performance of professional work, the duties of employment or the conduct of practice to such an extent or on such a number of occasions as to cause concern for its effect on the standing of the profession.

As far as practicable, members of each of our three bodies should be subject to the same form of jurisdiction for the maintenance of standards of professional conduct, efficiency and competence and to similar investigatory and disciplinary procedures and penalties.

The organisation and procedure which we recommend each body to adopt for initial progressing of a complaint are as follows:

(a) Initial consideration of all complaints regarding professional conduct and competence is, and should continue to be, by the secretariat of the body whose member is the subject of complaint. The secretariat may *refer the matter to a* "professional standards" or equivalent committee for consideration and guidance.

(b) Thereafter, if the complaint has not been resolved secretarially and the status of the complaint is not self-evident, the complaint should be referred to *an investigation committee for* determination as to whether it should be dealt with under the "public case" procedure or under the "domestic case" procedure.

(c) To allay any possibility of public concern that complaints may not be properly dealt with, each body *should appoint a lay* observer to consider any allegations by an aggrieved member of the public that a particular case has not been dealt with appropriately and to report annually to the council concerned.

Where a complaint *arises* in circumstances which have (or may) give rise to public concern, we concur with the proposals in the Cross report on the need for:

(a) Some form of joint investigatory and disciplinary tribunals with appropriate appeal procedures and lay representation on both;

(b) Jurisdiction to be exercisable over firms in public practice;

(c) The availability of finance for the consequential additional costs not to be dependent, so far as may be practicable to avoid it, on the periodic vote of the memberships. The essential features of this scheme provide: for investigation by a committee of inquiry, appointed *by the* executive committee of the scheme, into the professional conduct, efficiency and competence both of individual members (whatever their occupation may be) and of practising firms (including particular offices thereof): for admonition, reprimand or censure by that committee of inquiry, in appropriate cases, of practising firms *(or particular offices thereof)* and recovery, again in appropriate cases, of the costs in whole or in part of the inquiry and the hearing; for the preferment of a complaint by that committee of inquiry, in appropriate cases, to the disciplinary committee of a member's body with a recommendation, again in appropriate cases, as to the proportion of the costs which he should bear; for appeal procedures to be available both to firms and members;

For the financing of the scheme by contributions from the three bodies based upon their respective total memberships and additional levies on practising members related to the size of their firms as measured by the number of partners with power for the council to increase the levy by up to a factor of two before reference back to the memberships for further approval as necessary;

Recovery in whole *or in part* of costs, in appropriate cases, from firms or *members*: imposition of fines on members, in appropriate cases, by the disciplinary committees of their bodies; for power to be taken in a new bye-law/rule for findings of professional misconduct, inefficiency or incompetence by committees *of inquiry established* under the scheme to be conclusive proof of the same in any proceedings brought before a disciplinary committee.

We recognise that the absence of power to compel evidence from persons who are not members of one of the three bodies may *frustrate* full investigation. We believe, however, that powers of subpoena would not be given to a non-statutory body and are advised that recourse to the Arbitration Act 1950 (as suggested in the Cross report as a possibility which should be examined) could produce more problems than it would solve. In consequence, our scheme must rely on the powers of persuasion which we believe it can and will command in the great majority of cases.

As we have already indicated: (a) The investigation committee we propose would have the additional duty of directing whether a particular case should be progressed under the "public case" *procedure or the "domestic* case" procedure;

It would need to have regard to the views of a lay observer who would consider any complaint from an aggrieved member of the public.

With the objective of reducing the incidence of unsatisfactory professional work, we strongly recommend that: (a) Each of the bodies should develop some form of "practice advisory service" for members in public practice on a largely self-financing basis: (b) Stricter control should be exercised over practising certificates; (c) Continuing professional education (CPE) should be developed *with all possible* urgency

British Airways leaving Liverpool

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS and the independent British Midland Airways are proposing a "route swap," whereby BA will quit Liverpool Airport, where its flights are losing £800,000 a year, and take in return three new international flights from Birmingham.

The plan, outlined yesterday by Mr. Gerry Draper, BA's director of commercial operations, is subject to the approval of the Civil Aviation Authority.

It is the first major voluntary route swap between the State airline and an independent, although there was an enforced exchange of routes between BA and British Caledonian some time ago when the Government introduced its international "spheres of influence" policy for civil aviation.

The routes that BA now plans to pass over to BMA are those linking Liverpool with Glasgow, London, Belfast, Dublin, Isle of *Man, Jersey and Guernsey,* and between the Isle of Man and Belfast.

In return, BMA would pass to BA the international routes between Birmingham and Brussels, Frankfurt and Copenhagen.

Explaining the exchange, Mr. Draper said that for many months, BA had been under considerable pressure to expand its services at Liverpool, where the airport committee had said that it would seek to have BA's licences revoked if it did not try to match the plans of BMA.

"However, the problem goes deeper than that. The airline is fighting off fierce competition. Many airlines are scrambling for our business, and in this context, let's not forget what Freddie Laker is doing.

"With competition as it is, we cannot afford to continue to operate routes that are unprofitable, and which will continue to lose money. Unforunately, *Liverpool falls into this category.*

LABOUR NEWS

Chapple warns on need to amalgamate

BY NICK GARNETT, LABOUR STAFF

MR. FRANK CHAPPLE, general secretary of the 450,000-strong electrical and Plumbing Trades Union, which is in merger talks with the Engineering Union, said yesterday that the EPTU would probably not survive unless it amalgamated with a larger union.

A whole range of middle-sized unions like the electricians faced the same fate—extinction in the face of an expanding Transport and General Workers Union which, he said, had become far too dominant within the TUC.

The only way the 2m.-strong transport workers could be prevented from consuming these unions, said Mr. Chapple, was the formation of a new powerful trade union block.

The electricians has had three meetings with leaders of the Amalgamated Union of Engineering Workers' engineering section over the past year; to-day the engineering section's executive will meet in Worthing to review the terms.

Mr. Chapple said he would do all he could to foster such an arrangement which, providing the terms were suitable, would be of great benefit to the membership of both unions.

He is expected to speak on amalgamation in his address to the union's engineering delegates in Scarborough to-day.

Mr. Chapple disclosed that the EPTU has had tentative merger talks not only with the Union of Construction, Allied Trades and Technicians, and the Boilermakers, but also the Sheet Metal Workers. The response of the 1.4m. member AUEW had not been very positive, he said.

Proposals for the big merger are fraught with difficulties. These are that the engineering section elects all full-time officials while the electricians appoint theirs; that the EPTU is suggesting the engineers should abolish their district committees; and that there is still some disagreement about the size of the merger union's policy-making conference.

Mr. Hugh Scanlon, the outgoing president of the AUEW said last week that there wasn't "a cat in hell's chance" of amalgamation unless the engineers were ready to make concessions on their system of electing officials.

Mr. Chapple said yesterday however that although he was not especially confident of a merger, some difficulties, including election or non-election of officers were not particularly important.

The bulk of the Right and Left in the engineers almost certainly favour amalgamation with the electricians but the Left is taking a harder line on the terms.

Leyland starts parity money payments

ABOUT 80,000 Leyland car workers will receive payments of between £39 and £130 early next month as the first stage in the move towards parity of earnings—the same wage for the same job, regardless of location.

Negotiations are continuing to draw up a five-grade pay structure with the aim of achieving parity by November next year.

The unofficial committee claiming to represent 4,000 Leyland toolmakers still is pressing for separate negotiations. A one-day strike has been called for June 12 when a meeting will be held at Birmingham town hall.

Reckitt and Colman rise

A PAY RISE of 23-30 per cent., including an increase under the Fair Wages Resolution of 1946, has been won by medical representatives working for Reckitt and Colman pharmaceutical division.

The Association of Scientific, Technical and Managerial Staffs said that rises of £500 a year had been awarded by the Central Arbitration Committee on top of a 13 per cent. deal for its members. Both payments are backdated to January 1.

Awards under the Fair Wages Resolution—which applies to Government workers only—are exempt from the pay guidelines.

Windscale report to-day

AN OFFICIAL of the Nuclear Installations Inspectorate will to-day report on radiation levels at the Windscale nuclear site in Cumbria, where 50 construction men have stopped work.

British Nuclear Fuels, which runs Windscale, said yesterday it was satisfied that although there was a detectable level of radiation, the site was safe. It said the inspector would almost certainly support that view.

The men, working for Eden Construction of Carlisle, downed tools complaining of contaminated soil. The inspector, who has been on a regular visit to the site, spoke to shop stewards yesterday.

Seamen to seek 200%

THE NATIONAL UNION of Seamen agreed yesterday to try for a 200 per cent. increase in basic pay by the time of the union's next conference in 1980.

Delegates at Aberdeen carried an amendment to the union's policy document to seek a £3 an hour basic rate for seamen.

The present basic rate is just over £1 an hour, with an average working week of 64 hours and average pay of £97 to £98.

The policy document had pledged to seek a flat rate of £2 an hour.

Mr. Edward Brown, national secretary for the union, said that the platform recommended acceptance of the £3 figure and that it was "realistic."

Ashley Ashwood

Bilston steel workers demonstrate outside British Steel headquarters in London yesterday as union leaders and BSC management discuss a closure threat.

Civil Service unions likely to reject participation offer

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions have been offered a first step towards industrial democracy. However, they seem set to reject the proposal because it does not go far enough to meet their demand for consultation, particularly on the cash limits regime which they see as a tight control over their pay.

The Civil Service Department has told the National Staff side of the Civil Service Whitley Council that it is ready to set up a working party in answer to staff side proposals, tabled 18 months ago, for increased union participation.

Union leaders, however, want some indication of the Government response to the idea of greater industrial democracy before they will join a working party.

The staff side has three main aims. They want more consultation, particularly before cash limits are set. Cash limits put a ceiling on the amount of money available for the service, and can cut across recommendations of the Pay Research Unit, which determines Civil Service pay by comparison with private industry.

They also want more scope for arbitration in areas where it does not yet apply. Problems of pay, hours and leave can be taken to arbitration but staffing levels, which may have to be revised to deal with problems such as taxation changes cannot.

The third aim is for a disputes procedure which would bridge the gap between administrative action, the management implementation of a decision, and industrial action by the unions in response to that decision.

Mr. Ken Thomas, general secretary of the largest Civil Service union, the Civil and Public Services Association said yesterday that the staff side proposals were "very modest and not revolutionery." He said they would go far in improving industrial relations in the service.

He warned, however, that if no action was taken by the Government on the staff side proposals then at its conference next year the union would be likely to call for an end to the Whitley system as the mainstay of Civil Service industrial relations.

At the union's conference in Brighton yesterday delegates censured the national executive for spending £20,000 on a *referendum on postal voting for elections last year, which was followed by a union rules revision conference to decide the issue.*

The conference also censured the executive for what was called a "trade union knees-up" at the 1977 TUC Congress in Blackpool. The union held a party at a hotel in the town to celebrate Mr. Thomas's election to the TUC general council.

Anger over £1,000 for firemen

BY CHRISTIAN TYLER, LABOUR EDITOR

LEADERS of a senior civil servants' union will face anger from members next week for giving £1,000 to the Fire Brigades Union when it went on strike against the Government's pay guidelines.

The row has been simmering in the columns of the journal of the Institution of Professional Civil Servants. The payment has been defended by union officials on the grounds that civil servants one day could find themselves in the same position as the firemen.

Hostile resolutions have been tabled for the union's conference in Eastbourne. Most say that the executive should have consulted members before making such a donation. One branch of members working for the Navy says the union's 25 executive members should pay the £1,000 out of their pockets unless they can show under which rule they acted.

Others say that the payment was unjustified because the institution supported the incomes policy at a time when the firemen were trying to break it.

The union's support for incomes policy could be much more guarded after next week. The national executive has put down a resolution to oppose wage restraint which does not affect public and private sectors equally.

Woman chef 'had never heard of Jack Jones'

MRS. GERTRUDE Hobday, chef de partie in Claridge's Danish causere, told the "sacked chef" industries tribunal in London yesterday that she had never heard of Jack Jones.

Mrs. Hobday said she did not know that Mr. Richard Elvidge, 19, who is claiming unfair dismissal, had the nicknames "Jack Jones" and "Joe Gormley," but she did know that Mr. Elvidge was recruiting for the General and Municipal Workers' Union.

"I don't even know who Jack Jones is," she said. "I am not politically interested."

Mrs. Hobday gave the tribunal a recipe for ratatouille, the dish that led to Mr. Elvidge's dismissal. He was said to have left out the salt and pepper.

After one attempt to show Mr. Elvidge how to make the dish, Mrs. Hobday became upset and started to cry. She told the head chef to take Mr. Elvidge out of her kitchen saying, "It is either him or me."

The hearing continues to-day.

Textile workers agree to 9½%

UNIONS and employers in the Lancashire textile industry are to stay inside phase three limits in a pay agreement covering 55,000 spinning and weaving workers following Government refusal to sanction a concession.

An agreement had been reached giving a 10 per cent. increase

Joint bid to revive U.K. steel

By Pauline Clark, Labour Staff

UNION leaders and the British Steel Corporation agreed yesterday to set up a special committee of senior representatives from both sides in an attempt to get closer co-operation on efforts to revive the loss-making industry.

The joint planning subcommittee will have its first meeting on May 22 and is described as having wide terms of reference not only associated with closure plans.

Members on the management side will include Mr. Bob Scholey chief executive of British Steel and Dr. David Grieves, managing director personnel, while the five major trade unions in the industry will be represented headed by Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation.

The committee will also be joined by managing directors of BSC divisions whenever its function is to discuss the affairs of a particular area.

The plan was agreed at a meeting between British Steel and the TUC steel industry committee at the corporation's headquarters where plans for closures at Bilston and Shelton steel works in the West Midlands were on the agenda.

Management repeated its desire to see the Bilston works closed but union leaders pledged "full support" for the workers whose jobs are threatened

About 400 Bilston workers representing the 2,400 at the high grade carbon steel held a vigil outside the British Steel building, in London yesterday, to urge union leaders "to reject outright" any plans for cuts.

Buy British aircraft call by engineers

BY ALAN PIKE, LABOUR CORRESPONDENT

MR. HUGH SCANLON yesterday failed in a bid to keep his engineering union's options open on the future of the British aircraft industry.

Delegates to the Amalgamated Union of Engineering Workers conference in Worthing unanimously disregarded their president's appeal and adopted a resolution insisting that British Aerospace should get the order for replacing British Airways Trident Ones and Twos.

They also demanded that the publicly-owned aerospace industry be given preference on all future contracts.

Mr. Scanlon had said that on all the figures, the Boeing 737—which British Airways wants to buy to replace the early Tridents—appeared superior to the BAC One-Eleven.

In a speech which seemed to favour longer term British Aerospace co-operation with Boeing rather than Europe, he had asked for resolutions on the aircraft industry to be remitted to the executive to avoid a premature decision. This was not accepted by the conference.

Delegates made their decision after Mr. Ken Gill, general secretary of TASS, the AUEW's white-collar staff section, had taken a different line to Mr. Scanlon.

Mr. Gill said that the issue must be decided not only on the basis of jobs now, but jobs for the future. Britain was not only a substantial aircraft customer but also the most substantial competitor to the U.S. in a shrinking field.

It might pay Boeing to bury British Aerospace in subcontract work which could, depending on political considerations, end in the future.

"The options for our industry do not seem very wide open but no option should ever be considered which relegates British Aerospace to the role of a jobbing contractor."

Mr. Gill, who is chairman of the Confederation of Shipbuilding and Engineering Unions' aerospace committee, believed that Rolls-Royce could compete in engine sales throughout the world without giving in to U.S. pressure on British Aerospace.

The three nationalised corporations—British Aerospace, British Airways and Rolls-Royce—had instead of collaborating in the interests of Britain behaved like "rival grocers in the High Street."

If British Aerospace did not get the BAC One-Eleven order from British Airways, production would stop and technology would be lost.

British Aerospace and the Government are being lobbied by U.S. and European interests to become involved in the development of the next generation of passenger jets.

The National Enterprise Board, of which Mr. Scanlon is a member, feels that co-operation with Boeing on its 757 project—with its potential for Rolls-Royce engine sales—would produce the most jobs for Britain.

Later yesterday the AUEW conferece urged the executive to affiliate the union to the Campaign Against a Criminal Trespass Law, which is fighting for changes in Part II of the Criminal Law Act.

The Act came into force in December and trade unionists fear that the new criminal offences relating to trespass will be used against workers occupying factories.

Union official questioned about events before Tether dismissal

A NATIONAL Union of Journalists' official conceded at a London Industrial Tribunal hearing yesterday that there could have been a misunderstandnig over whether or not he told a union representative at the Financial Times, Mr. Mark van de Weyer, to try to put a brake on moves to dismiss columnist Mr C. Gordon Tether.

Mr. Tether has complained to the union about the conduct of his case by Mr. Mark van de Weyer, father of the NUJ chapel (office branch) before Mr. Thether's eventual dismissal.

Mr. Tether is asking the tribunal to say that he was unfairly dismissed following a dispute with Mr. Fredy Fisher, editor of the Financial Times, over Mr. Fisher's control of the Lombard column, which was written by Mr Tether for 21 years.

Mr. Tether, 64, was dismissed 19 months ago, and now seeks reinstatement.

Mr. van de Weyer has said that union organiser Mr. Robert Norris did not ask him to check the Financial Times' moves to dismiss Mr. Tether, but Mr. Norris has said he did ask him.

Mr. Thomas Morison, counsel for the Financial Times, asked Mr. Norris yesterday whether, because Mr. van de Weyer had had a complaint made against him by Mr. Tether, he was unwilling to express any view about Mr. van de Weyer's conduct over Mr. Tether's dismissal.

Mr. Norris replied that that was correct, he did feel in difficulty.

Mr. Morison commented that it was highly unsatisfactory that an applicant, by behaving in this way, could prevent cross-examination of a witness.

Mr. Morison asked Mr. Norris if he would be prepared to concede that there was the possibility of room for misunderstanding between himself and Mr. van de Weyer.

Mr. Norris replied that it would be less than fair if he did not concede that. Mr. van de Weyer had one recollection and he had another.

Mr. Morison asked Mr. Norris whether it was agreed between him and Mr. van de Weyer that Mr. Tether's refusal to meet the editor, in accordance with the findings of the NPA-NUJ Disputes Committee created an awkward situation.

Mr. Norris said it was a question of degree. He had maintained to the disputes committee that it was reasonable for Mr. Tether to take the view he had.

Mr. Norris said he had told the committee Mr. Tether was acting reasonably in not accepting an obligation to consult the editor about his column. Consultation, as proposed by Mr. Fisher, was not really consultation in the true sense of the word. Consultation meant at least the possibility of a meeting of minds. He did not feel that the atmosphere at the time provided for consultation in a real sense.

Questioned by Mr. William Wells QC, Mr. Norris said that before the disputes procedure was invoked, the union challenged the manner in which the editor exercised his prerogative. They said that Mr. Tether was a wide-ranging independent columnist and that the work of journalists employed in that way should not be interfered with by the editor.

An editor, because of his legal responsibilities, obviously had the power and duty to take note of the contents of his newspaper. If an editor disagreed with the content of an article it was quite open to him to print the article and make it clear that the views expressed were not necessarily the views of the editor.

Mr. Wells asked whether an editor had the right to decide what the range of a particular writer's subjects should be.

Mr. Norris replied that that would depend on what arrangements there were for that writer's employment. It was a matter of "custom and practice." In the normal course of events if an editor felt that a writer was veering wildly from his brief he would have the power to seek to contain him. But this was not accepted by the union in Mr. Tether's case.

Answering another point raised by Mr. Wells, Mr. Norris said that if stridency in writing led to defamation then that was a matter for the editor. But if a column was traditionally strident at times then an editor could well be acting unreasonably in seeking to curb its style.

Mr. Norris added that the opinions he had expressed were based on Mr. Tether's case. But the union would like to see the Press more free in its expression than it was.

The hearing continues to-day.

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PARLIAMENT AND POLITICS

Varley looks for major recovery in BSC results

BY IVOR OWEN, PARLIAMENTARY STAFF

THE British Steel Corporation estimate of a £400m. loss in 1978-1979, although an improvement on the previous year's performance, is "still unacceptable." Mr. Eric Varley, Industry Secretary, told the Common last night.

Concern about BSC's financial performances—it is now losing £8m. in each working week—was even more forcefully expressed by Conservative MPs, who called for the rejection of the Iron and Steel (Amendment) Bill, which seeks authority for a £1.5bn. increase in the Corporation's borrowing limits to £5.5bn.

Mr. Norman Lamont, a Conservative industry spokesman, argued that the step-by-step progress made by BSC in returning to viability should be matched by step-by-step Parliamentary scrutiny instead of the passage of a measure designed to meet the Corporation's financial needs for the next three years.

He also suggested that private enterprise should be given the opportunity to buy steel plants which BSC wanted to close, even though they were profitable, because they did not fit in with the Corporation's strategy of concentrating production on a few modern plants.

Mr. Varley said the fact that the Government regarded the projected loss of £400m. in 1978-1979 as unacceptable should be made clear to everyone managing BSC and to everyone working in the corporation.

"I can assure the House that the Government will be carefully monitoring the Corporation's performance as the results come in. We shall expect substantial improvement over the year as a result of the action that is now being taken," he declared.

The increase of £1.5bn. in the borrowing powers was designed to cover BSC's needs for up to three years, a period within which—and sooner rather than later—it was aimed to carry out a capital reconstruction.

Mr. Varley also insisted that the Bill made adequate provision for Parliamentary scrutiny, with MPs having the opportunity to assess the corporation's progress before advancing further money.

The Secretary of State said the Government had provided for prudent financing of the corporation coupled with Parliamentary control. He warned Tory MPs that it would be "quite inexcusable" if their action in opposing the Bill led to inadequate provision and to BSC facing a cash crisis.

"That is what will happen if the House does not pass this Bill," he declared.

Mr. Varley confirmed that the Government did not expect BSC to borrow more money from overseas unless there was some particular advantage, such as borrowing on exceptionally favourable terms.

He rejected criticism that lavish redundancy payments were being made to steel workers and said the figure of £17,000 which had received a great deal of publicity was exceptional. The average redundancy payment was of the order of £5,000 and the arrangements made dealt fairly with the workforce and reflected the financial interest of BSC.

Mr. Varley justified the Government's decision to reject the recommendation by the Commons Select Committee on Nationalised Industries that targets should be set for reductions in BSC's workforce on the grounds that it would be wrong to tie the corporation's hand.

The Bill was a necessary first stage in financing BSC during the period of great difficulty which it now faced. It was designed to secure the future of BSC both as an efficient, competitive and eventually profitable organisation and one which was able to provide a secure livelihood for those who worked in it.

There was scornful laughter from the Labour backbenches when Mr. Lamont suggested that private enterprise should be given the opportunity to buy profitable steel plants no longer required by BSC.

He pointed out that many of these plants could be converted fairly cheaply into electric arc plants which many people considered more viable than the modern system.

But he agreed with Mr. Peter Hardy, (Lab. Rother Valley) that there must be some limit to such conversions. The Opposition did not want BSC to damage its own commercial interests.

Mr. Lamont also contended that it would have been preferable to delay the introduction of the Bill until details were available of the capital reconstruction to be undertaken by BSC.

For the Liberals, Mr. Richard Wainwright said BSC was now very much closer to reality. "We are no longer having the grandiose and Olympian plans which used to appear."

Minority government was proving very realistic in the treatment of BSC. No minority Government would have committed the disastrous error that was made over the Beswick review.

Mr. Wainwright said the House should have learned from the financial disaster at Leyland that doling out money at brief intervals depending on the headmaster's good report did not work.

Providing money over a three year period would boost the confidence of both staff and customers of BSC. "It is important that this House should continue a dialogue with British Steel which will ensure the highest degree of Parliamentary control.

"But it seems quite unrealistic to put up token opposition to the second reading of this Bill which would bring total disaster to the industry if the Conservatives took the trouble to get it defeated."

Big poll backing for PR system

By Rupert Cornwell, Lobby Staff

FRESH EVIDENCE of the popular appeal of proportional representation for Westminster comes to-day in an opinion poll survey.

It shows that more than two-thirds of the electorate favour the system—and that over 80 per cent. want the voters themselves and not the MPs to decide the country's electoral system.

The survey, conducted by Opinion Research Centre and due to appear in the latest issue of the Economist magazine, is based on a national quota sample of 1,100 people and was carried out in the middle fortnight of April.

Of those interviewed, 68 per cent. backed a change to a new system which guaranteed each party a number of seats proportional to its share of the vote in a general election, with only 15 per cent. against.

A 48-28 per cent. majority wanted a method which would prevent one-party Government unless that party had won half or more of the poll.

Somewhat oddly, the other main argument of the proportional representation lobby that a switch from the existing first-past-the-post system would prevent virtual dictatorship by the largest single party, was rejected. Only 39 per cent. thought this a good idea; and 44 per cent. a bad one.

However, more striking than the high sympathy for the system is the huge majority in favour of putting the issue to the people in the form of a referendum—a view fitting in Mrs. Thatcher's suggestion that referenda be occasionally employed on vital topics.

To add extra piquancy, separate mini-polls carried out by Opinion Research Centre in the constituencies of the leaders of the major parties, showed equally enormous backing for a referendum.

In Finchley, North London, the seat held by the Conservative leader, the margin was 78 per cent. to 17 per cent. and in Cardiff South-East, which Mr. Callaghan represents, an even larger 86-10.

In exact contrast to the prevailing attitude at Westminster, General Elections are considered the most suitable arena for proportional representation as European elections, elections to devolved assemblies, and to any reformed House of Lords by the system arouse markedly less enthusiasm.

Finance Bill defeats set policy posers

BY PHILIP RAWSTORNE

NOT SINCE Lloyd-George encountered an intransigent House of Lords in 1909 has a Chancellor of the Exchequer faced so much difficulty in the enactment of his Finance Bills as Mr. Denis Healey.

Last year, he was forced to make concessions on tax allowances and petrol duty.

This week, Opposition parties have inflicted two major defeats on the Government to increase the Chancellor's Budget handout by some £445m. this year and £520m. in a full year.

The standard rate of income tax has been reduced from 34p to 33p—costing some £370m. in a full year.

Its effect will be to increase the take-home pay of a single man on £80 a week by 47p. On twice that salary, the increase is £1.20. A married man with two children, on the same reckoning, benefits by 32p and £1.12p respectively.

A two-vote majority for an Opposition amendment to raise the threshold for the 40 per cent. rate of income tax from £7,000 to £8,000 brought more confusion.

Sir Geoffrey Howe, the Tory spokesman, argued that this would cost only £40m. But the Government rejected a further amendment to recast the higher tax bands and set the maximum tax rate at 70p in the pound.

The result is that the raising of the 40 per cent. band has had a ripple effect on the bands above it, raising the threshold for each one by £1,000. These bands now run from 40 per cent. at £8,000 to 83 per cent. at £24,000.

Opposition attempts to ensure their original intentions with a hastily-drafted manuscript amendment failed.

The Exchequer is thus faced with bearing an additional cost, not of £40m., but of £105m., this year and £150m. in a full year.

Beneficiaries of this change are those earning salaries of £10,000 a year and more; and the benefits rise fairly steeply from £93 a year at the base level to £457 a year on a salary of £25,000.

During the next month, Mr. Healey and his Cabinet colleagues

AMENDED INCOME-TAX BANDS

£	%
0-750	25
750-8,000	33
8,000-9,000	40
9,000-10,000	45
10,000-11,000	50
10,000-12,500	55
12,500-14,000	60
14,000-16,000	65
16,000-18,500	70
18,500-24,000	75
Over 24,000	83

will have to consider whether to accept these blows to the Budget strategy, try to reverse them, or recoup the lost revenue from other sources.

There seems to be little prospect of reversing the cut in the standard rate of tax on which the Opposition parties were totally united. But the loss on the higher rates of tax does not seem irretrievable.

The Government was defeated by only two votes and two of its supporters were missing from the lobbies. Before any further vote on the issue towards the end of June, it will hopefully have been reinforced by another Labour MP from the Hamilton by-election.

Nor are all the Scottish Nationalists happy about the outcome of a move which had been intended only to help the middle-income bracket.

The Government would seem to have a reasonable chance, therefore, of restoring its original provisions in this case.

There is little doubt that Mr. Healey would prefer such a course to any attempt to recoup the revenue from other sources.

The Chancellor indicated in the Commons that there are three possible ways in which the Government could raise the money to offset its losses.

These are through a surcharge on employers' National Insurance contributions, an increase in company taxation, or higher stamp duty, probably on Stock Exchange transactions.

All of them have disadvantages—though there is considerable political temptation in passing the cost of the Tory and Liberal actions on to their traditional supporters.

But, at present, the inclination seems to be for the Government to make its political capital out of the situation by emphasising to the electorate the benefits that the Tory moves have given to the better-off rather than the lower-paid.

Mr. Healey's decision on how far and in what way he seeks to restore the shape of his Budget will depend largely on how much more damage is done to it. And on whether the impact of the changes puts its overall strategy at serious risk.

Though he faces yet more hurdles in the Commons, the prospects are that the Chancellor will avoid more costly defeats.

The Government has already successfully rejected an amendment to raise the threshold for investment income surcharge which would have cost £30m.

In the one remaining day on the floor of the Commons next Tuesday, the Tories will seek to reduce the stamp duty on house purchases by a similar amount. This is the most expensive in revenue terms of the changes that will be pressed by the Opposition during the rest of the Finance Bill's committee stage.

It is doubtful whether all the minority parties will combine on this issue to defeat the Government.

Nor is the anti-Government alliance likely to be solid enough to get its way on the other main points to be debated on Tuesday—the indexation of capital gains tax, the deferral of payments of whisky duty and the payment of interest on overpaid tax. Altogether, these would have no more than a minimal immediate effect on revenue.

Once the Bill has been sent, next week, to a Standing Committee of 34 MPs, the Government should be in a stronger position to resist any more Opposition incursions. It will have parity of numbers with the Opposition and can count on the casting vote of the chairman in the event of a tied vote.

But if a tie occurred on any issue, the Government would have to face a second challenge at the Bill's report stage when the legislation returns to the full Commons.

The main battle in the committee is expected to come over the Chancellor's proposals, to be operated retrospectively, for blocking some tax avoidance schemes.

So far as Ministers can foresee, there should be no serious reversals, either in terms of pounds or politics to the rest of the Bill's provisions. But, after this week, they are keeping their fingers firmly crossed.

Soames sees chance for EEC agriculture policy changes

BRITAIN should take advantage of the proposed enlargement of the EEC to fight for a very considerable rethink of the Common Agricultural Policy, Lord Soames said in his maiden speech in the Lords yesterday.

Lord Soames who, as Sir Christopher Soames, was vice-president of the Commission and is now Opposition EEC spokesman in the Lords, welcomed the applications from Spain, Portugal and Greece to join the Nine.

But he warned that there could be more food surpluses with a Community of 12 and suggested the CAP should only cover certain foodstuffs.

Lord Soames said: "I think the moment has come to press very hard for a very considerable rethink of the Common Agricultural Policy in general."

The proposed enlargement was "a political necessity" and the problems it created must be dealt with speedily but thoroughly. "Let us so arrange our affairs that, far from rueing the day the Community was enlarged, we bless it," he said.

The debate had been initiated by Lord Trevelyan (Ind.) who said he believed all the problems associated with enlargement could be overcome without intolerable cost. Failure of will or nerve now could lead to dangerous consequences.

He also saw the proposed enlargement as a good opportunity to rethink the Common Agricultural Policy.

For the Liberals, Lord Gladwyn warned that without far-reaching reforms in the EEC's decision-making process, enlargement would result in the virtual collapse of the Community.

He was not suggesting that it would be right to exclude these countries. "I believe that as democracies they should join the Nine and we should be prepared to make great financial and industrial sacrifices to enable them to do so without stress," he said

But there were political difficulties and dangers to the Community from enlargement.

Lord Greenwood of Rossendale (Lab.) said enlargement would strengthen the Community by "increasing its influence and binding uscloser together. "It is our duty to do everything we can to ease their way into the Community of democratic nations."

In a maiden speech, Viscount Tenby said he looked forward to the three countries joining the Community as soon as possible. These were near fledglings of democracies which needed to be protected.

Baroness Seear (L.) warned that an expanded EEC could mean more competition for British products. Unless British industry was re-structured to meet this, there could be ill will towards any new EEC members.

Lord Drumalbyn (C.) said it was time to review the whole Commission. There had to be mutual confidence between the member States.

New 'Buy British' call by PM

THE Prime Minister last night appealed to large British firms to buy more British components.

In a Commons written reply, amplifying his recent "Buy British" appeal, Mr. Callaghan said the Government would encourage people both at home and abroad to buy British products.

"Progress can best be made by encouraging industry itself to sell British and buy British. In particular, large companies should play a larger role in improving the performance of their British suppliers of components and give them more information about their future plans and needs.

"Retailers should develop closer links with British suppliers.

General election call rejected

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE Prime Minister yesterday brushed aside the latest Government defeat on the Finance Bill and rejected a Conservative challenge to put the matter to the test of a general election as soon as possible.

"The Government, of course, is in control of this matter," Mr. Callaghan told the Commons. "We shall take any action necessary—despite the irresponsibility of the Opposition—in order to retain control over the financial situation created by the Opposition votes."

He was replying to Conservative demands for a statement on the Government's position in the wake of defeats on Wednesday night, when the starting-point for the 40 per cent. rate of income tax was raised from £7,000 to £8,000, and on Monday, when the standard rate of income tax was cut by 1p.

Mr. Roger Moate (C. Faversham) claimed that the Government had clearly lost control of its budget strategy and had been made to look foolish in the Commons the previous night. "Isn't it clearly in the national interest that the country should be given a chance to elect a new government?" he asked.

Sir David Renton (C. Huntingdonshire) wanted to know how much longer the Prime Minister would attempt to govern when he was unable to persuade the House of Commons to carry out the policies decided in Cabinet.

Mr. Joe Dean (Lab. Leeds W) alleged that members of the CBI in Northern Ireland and Scotland had induced Ulster Unionists and Scottish National Party MPs to vote against the Government on the Finance Bill "in an attempt to wreck our financial and economic strategy."

Mr. Callaghan replied that the people of Scotland and Northern Ireland were well aware of the importance of public expenditure in supporting the superstructure of their local economies. He was prepared to remind the CBI or anyone else of that fact.

He thought that some of those voting in favour of the Tory amendment on Wednesday had not done so on its merits but in an attempt to pressurise the Government into making concessions on other issues.

Mr. Peter Tapsell, a Tory Treasury spokesman, complained that at a time when there were 1.5m. people unemployed, the Government had introduced a Budget whose immediate effect had been to force up interest rates very substantially. This made it more expensive for industry to provide the new investment necessary to restore high levels of employment.

Mr. Callaghan replied that he was always very careful in making pronouncements about interest rates. "I stick to the general proposition that the market is not always right, and it might not be right on this occasion either."

Dealing with a question from Mr. John Pardoe, Liberal economic spokesman, the Prime Minister firmly rejected suggestions that a Select Committee of the Commons should advise on pay policy.

Mr. Pardoe said that the Confederation of British Industry believed that the Commons should intervene on levels of pay in future pay policy. What did Mr. Callaghan think about having a Select Committee on pay as the CBI had suggested?

Mr. Callaghan replied bluntly: "I can think of few worse things."

'No evidence' for IRA links with international terror

THERE IS no evidence of significant international links between the Provisional IRA and other terrorist organisations Mr. Roy Mason, Northern Ireland Secretary said in the Commons yesterday.

He said the appalling record of the Provisionals within the Province and their lack of political support had not enabled them to establish any significant international links.

In an apparent reference to the murder of Signor Moro, Mr. James Molyneaux, leader of the Ulster Unionists, asked Mr. Mason to request the Italian Government to persuade the Irish eRpublic to align itself with civilised states, by signing the European convention on the suppression of terrorism.

"Perhaps you would also seek to convince Dublin that international terrorism knows no frontiers," he added.

Mr. Mason said he thought the Irish Government recognised that terrorism knew no frontiers. "They are fully acquainted now with our views on the need to enact the convention on terrorism."

The Rev. Robert Bradford (UU Belfast S) said the IRA had consulted terrorist groups on the Continent. Mr. Mason should not be content just to condemn their actions, but should apprehend those who took part in such meetings, when they returned to the Province.

Mr. Gerry Fitt (SDLP Belfast W) said the IRA had existed before there were terrorists in Italy, Germany and elsewhere. "The extent of these organisations in these countries has nothing to do with either the birth or the continuation of the IRA," he said.

Refinery problems for EEC

MR. ANTHONY WEDGWOOD BENN, Energy Secretary announced last night that he is to ask the EEC Energy Council to consider whether community action is needed to help solve the refinery problems of the Common Market.

Ina Commons written answer, Mr. Benn said the main responsibility for resolving refinery problems must rest with membef States.

"The EEC Energy Council will be discussing this subject on May 30 and I will ask it to consider if there are any areas like the import of refined products where Community action would also be useful."

Next week's business

COMMONS debates next week are:

MONDAY: Private members' motions: Town and Country Planning (Windscale and Calder Works) special development order; Housing (Financial Provisions) (Scotland) Bill, Lords amendments.

TUESDAY: Finance Bill, committee.

WEDNESDAY: Transport Bill, remaining stages.

THURSDAY: Debate on industrial relations in the newspaper industry: Bread Prices (Amendment No. 5) order.

FRIDAY: Homes Insulation Bill, Solomon Islands Bill, second readings; Independent Broadcasting Authority Bill, Domestic Proceedings and Magistrates' Courts Bill, remaining stages.

MONDAY (May 22): Debate on pay of armed forces.

Tributes to Moro by party leaders

TRIBUTES TO Sig. Aldo Moro, the former Italian Prime Minister murdered by the Red Brigades terrorists, were paid by the Prime Minister and Mrs. Margaret Thatcher, Opposition leader, in the Commons yesterday.

Mr. Callaghan said he would be calling at the Italian Embassy that afternoon to convey the condolences of the Government on the tragic and brutal murder of Sig. Moro.

"I am sure that I speak for all MPs in oqering our deepest sympathy to Sig. Moro's widow and family and in paying tribute to one who was an outstanding leader of his country."

Mrs. Thatcher said the Conservatives joined with Mr. Callaghan in his tribute, and in condemning the callous and brutal murder.

Roll-on ferry

THE P & O ferry St. Rognvald will make her last voyage between Shetland, Orkney and Aberdeen next week. The vessel has been sold and is to operate between Gibraltar and England.

Nationalist challenge dismissed

By Ray Perman, Scottish Correspondent

THE Conservative Party in Scotland is to switch from attacking the Nationalists to trying to win Parliamentary seats from Labour and the Liberals.

In a speech to Scottish Tories in conference at Perth yesterday, Mr. Teddy Taylor, shadow Secretary for Scotland, said that after relegating the SNP to third position in the political league, the party's task must now be to expose Labour's failures in Scotland.

Mr. Taylor said that the Conservatives were the only party certain of making several gains at the next general election.

This new-found confidence is based on the increased Tory share of the vote at the recent Carscadden by-election and last week's encouraging local election results. The chance is now seen to win back the eight constituencies lost to the Nationalists in 1974.

But to make gains over Labour at the next election, the Conservative performance remains to be considerably improved.

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APPOINTMENTS

SP equipment division head

SP Industries (formerly Leyland Special Products) has appointed Mr. Leslie Wharton as the first managing director of the SP Construction Equipment Division, soon to be known as AVELING-BARFORD HOLDINGS. The division embraces five separate companies in the East Midlands area and Mr. Wharton now takes direct control of those concerns, which were divisionalised under a registered holding company at the beginning of this year. Prior to this appointment, the managing directors of the five construction equipment firms each reported to Mr. David Abell, managing director, SP Industries.

★

Mr. J. C. Baber, Mr. T. A. Bull, Mr. R. M. Rogers, Mr. M. P. Vandervord and Mr. M. J. Kelland have been appointed directors of HOGG ROBINSON & GARDNER MOUNTAIN REINSURANCE. Mr. M. W. O'Brart, Mr. D. C. Ashby, Mr. G. A. Mansbridge and Mr. B. Moore have been made directors of HOGG ROBINSON & GARDNER MOUNTAIN INTERNATIONAL.

★

Mr. W. G. M. Frew has become joint managing director (production) of ATTWOOD STATISTICS (G.B.) in addition to changes on the Board reported on Tuesday.

★

Mr. R. G. d'Abo has been appointed a director of CAPEL-CURE MYERS, stockbrokers. Mr. F. C. Carr and Mr. N. S. K. Greenway have become associate directors and Mr. D. F. Langmead, Mr. P. R. Martin and Mr. D. A. Turley, principals.

★

Mr. Tom Boardman, deputy chairman of the Steetley Company and president of the Association of British Chambers of Commerce, has been appointed a director of the Eastern Regional Board of NATIONAL WESTMINSTER BANK. He was successively Minister for Industry and Chief Secretary to the Treasury in the last Conservative Government.

★

Mr. T. R. Wright has been appointed purchasing director of WHOLESALERS EDMUNDSON ELECTRICAL and Mr. G. M. Boyd has been made north west regional director. The company is a member of Charterhouse Group.

★

Mr. A. J. Dorman has been appointed managing director of AUTOMATIC CATERING SUPPLIES, a member of the British Vending Industries Group. He takes over from Mr. John Syrad, who remains executive chairman of both concerns.

★

Mr. H. F. Oliver, chairman and managing director of the Baron Security Group, has been elected president of the MASTER LOCKSMITHS ASSOCIATION.

★

Mr. J. G. D. Molinari has been appointed managing director of CHEMICAL AND THERMAL CONTROLS. He succeeds Mr. Brian E. A. Thomas, who remains a non-executive director. Mr. Molinari is now a non-executive director of the parent concern, Chemical and Thermal Engineering.

★

AMAX has appointed the following four group executives. Mr. Bern Crowl (fuels), Mr. Chester O. Ensign (base metals), Mr. John W. Goth (molybdenum, nickel and speciality metals) and Mr. Elwin E. Smith, (iron ore, chemicals and forest products), Mr. Martin V. Alonzo becomes senior vice-president, controls and administration, and Mr. John F. Frawley, senior vice-president assigned to the executive office. Mr. Roger C. Sonnemann has been designated as assistant to the chairman and Mr. Vincent P. Blake elected controller.

Mr. R. J. Harvey has been named vice-president, engineering and technology for the Amax Nickel Division replacing Mr. C. S. Simons on June 1. Mr. Simons leaves on early retirement from August 1 to become a consultant to the mining industry.

★

Mr. F. R. D. Holland, chairman and chief executive of the C. E. Heath Group, has relinquished his day-to-day management within the U.K. based operating subsidiaries to concentrate on overall policy and forward planning for the group. He has resigned as chairman and director of C. E. Heath and Co. (Insurance Broking) and the Aviation, International, Life and Pensions, Marine, North America, North American Reinsurance Broking and U.K. companies. Mr. R. A. Bell has become a non-executive director.

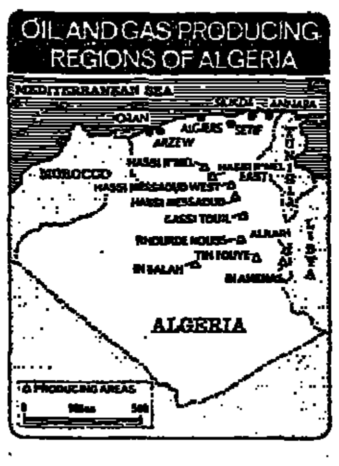
The following group appointments have been made: Insurance Broking: Mr. J. R. Mikami (chairman), Mr. J. J. Burton and Mr. R. J. G. Shaw (joint deputy chairmen), Mr. N. J. Chamberlain, Mr. A. W. Frost, Mr. D. R. Gilham, Mr. R. A. Green, Mr. P. O'Grady, and Mr. M. F. S. Ward, directors. Aviation: Mr. Mikami (chairman), Mr. D. P. Trezies (managing director). International: Mr. Shaw, chairman, retaining the post of managing director.

Life and Pensions: Mr. D. H. Newton (chairman), remaining managing director. Marine: Mr. Bell (chairman), Mr. Frost (Managing), Mr. V. Welch (director). North America: Mr. Burton (chairman) continuing as managing director. North American Reinsurance Broking: Mr. K. D. Gillies (chairman) as well as managing director, Mr. R. H. Rofe, director, Mr. A. J. Murray and Mr. R. P. Wyatt, assistant directors. U.K.: Mr. R. C. Pooley (chairman) in addition to his post as managing director, Mr. W. M. McDonald, director. Latin America: Mr. A. J. Hamilton becomes managing director in place of Mr. Shaw, who remains chairman.

Mr. H. A. Bristow will join C. E. Heath and Co. (Underwriting) on June 1 as the underwriter for a new Lloyd's Marine Syndicate to commence underwriting from January 1, 1979, from which date he will also be appointed a director of the company.

ENERGY REVIEW: ALGERIAN GAS AND OIL — BY RAY DAFTER

An ambitious development plan



BRITISH GAS Corporation is in the midst of interesting negotiations with Sonatrach, the Algerian state hydrocarbons company, for new supplies of liquefied natural gas to the U.K. The two state energy groups are nearing the end of a 15-year supply contract, signed in the mid-1960s. British Gas hopes to take up the option to extend supplies up to 1995 at least.

With the spotlight trained on the North Sea, it is often forgotten in Britain that Algeria has been the traditional supplier of natural gas to the U.K. transmission system. Indeed, if oil companies had not found substantial quantities of gas in the southern region of the North Sea, British Gas would now be importing substantial quantities of LNG from Algeria and other African gas producers.

It was the gas industry's original intention to switch from town gas—made from coal—to a mixture of oil-based gas and imported LNG. In that case, events in recent years which have led to oil and LNG prices rising dramatically would have made British gas a very much dearer fuel than it has become, thanks to North Sea supplies.

That is why the current negotiations with Sonatrach are so interesting. The Algerians are seeking a substantial price increase under the new contract. British Gas is currently paying well below \$1.60 per million BTUs (British thermal units), the average market price for Algerian contracts with other Europeans users. Not surprisingly the Algerian negotiators are keen to fix a price close to the current world market rates.

The contract is hardly vital to either side. British Gas says it would be handy if the shuttle service involving two specialised ships could continue. The ships deliver the LNG to Canvey Island in the Thames Estuary, a suitable site for reinforcing supplies in the South East during periods of peak demand. However, the Corporation has access to more than enough gas from the North Sea—a point reinforced this week by the royal inauguration of the Frigg Field and the St. Fergus Gas Terminal in Aberdeenshire. The current level of Algerian supplies, which the Gas Corporation would probably prefer to be continued, amounts to about 391m. therms a year—some 2.8 per cent. of present total gas sales in the U.K.

The contract represents a comparatively small proportion of Algeria's growing export of gas. Sonatrach is fully aware that there are many other potential buyers.

The size of Algerian hydrocarbon resources is well illustrated in a new, exhaustive study prepared by Sonatrach and the Bechtel Corporation, a major contractor for the Algerian gas industry. This report—"The Hydrocarbon Development Plan of Algeria—Financial Projections 1976-2005—points out that Algerian gas reserves are estimated to be the fifth largest in the world. The country's LNG export industry is destined to become the world's biggest.

Proved recoverable reserves, according to DeGolyer and MacNaughton, the consultants, whose figures Bechtel used, are estimated at nearly three trillion (million million) cubic metres or the equivalent of five times the total U.S. annual consumption of natural gas. In addition, Algeria is thought to contain about 820bn. cubic metres of gas in what is regarded as probable and possible reservoirs at the moment.

Crude oil reserves are put at 8bn. barrels (proved), 713m. barrels (probable) and 172m. barrels (possible). Furthermore Sonatrach has access to some 2bn. barrels of liquefied petroleum gases and 3bn. to 4bn. barrels of oil and gas condensate.

Healthy as these reserves may seem, the Algerian Hydrocarbon Development Plan foresees that all of the known reserves of oil, condensate and LPG and most of the gas reserves will be produced over the next 30 years. Consequently, like other major energy producers in the Middle East and North Africa, Algeria sees the exploitation and export of a large portion of these reserves as the means for financing the creation of a large and integrated industrial base. As the report states: "Once in place, this industrial base will provide the country with a vehicle for self-sustaining economic growth in the future."

The size of the task in hand will have a major bearing on the world's energy industry, the financial community, and on companies capable of supplying equipment and services to the fuel processing sector. For instance, it is estimated that the total cost of the plan between 1976 and the year 2005 will be some \$33.4bn. (expressed in 1976 dollars). Of this total, some \$17.4bn. is expected to require the expenditure of foreign exchange and is assumed to be financed entirely from foreign borrowings. The lion's share of this investment is expected to be made over the next five years or so. Between this year and the end of 1983 some \$16.5bn. could be spent on new gas producing and transmission facilities alone.

Against these figures one must set Algeria's income from oil and gas sales. Total revenue arising from the gas development plan is expected to reach \$156bn. by the year 2005, with some 45 per cent. of the income arising in 1986-95. Oil revenue is expected to be \$95bn. over the same 30-year period although in view of the much more mature state of the oil producing business, 46 per cent. of this income will have been received by the mid-1980s. Foreign exchange revenues are expected to account for \$200bn. of the \$250bn. expected from oil and gas income, highlighting Algeria's continuing dependence on exports.

The report states that Sonatrach has already signed a number of long-term LNG sales contracts which, taken together, will absorb almost all of the Algerian gas expected to be available for export. In recent years France has absorbed two-thirds of Algerian LNG exports. Britain has accounted for some 20 per cent., a share that is rapidly falling. The remainder has gone to Spain (10 per cent.) and the U.S. (7 per cent.).

The picture will change radically in the next few years with the U.S., Canada—and, to a lesser extent Belgium, France, Italy and West Germany—each contracting to take large volumes of gas under new supply contracts. North America is destined to become Algeria's biggest customer: new contracts to be executed between this year and 1982 should provide the U.S. with 26.6bn. cubic metres of gas annually, that is some 24 times the amount of Britain's current offtake.

The gas development plan incorporates a major extension of both the pipeline and LNG systems. At present the transmission pipelines have a total capacity of around 23bn. cubic metres a year; by 1985 it is planned to increase the throughput capacity to nearer 120bn. cubic metres a year. Seven new LNG plants are due to be commissioned in the next five years.

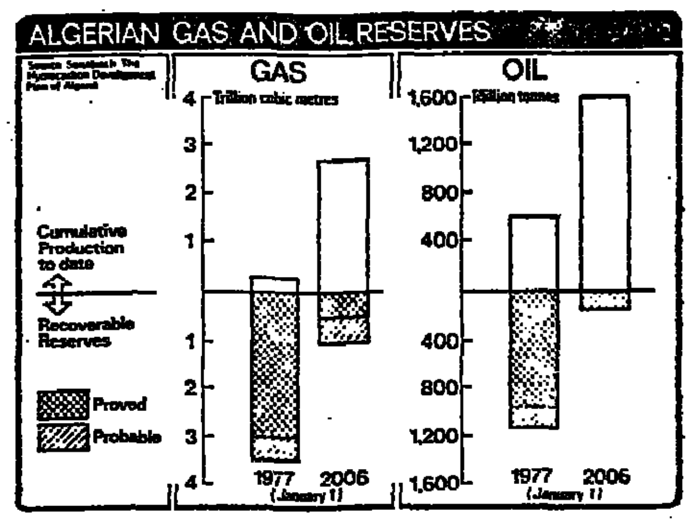
The oil development plan follows a similar pattern. Almost 2,000 new wells are to be drilled in the known oil fields. Although the required pipelines are in place, the link between Hassi Messaoud to Skikda on the coast is to be up-rated through the installation of additional pumping stations so that the annual capacity can be raised from 12m. tonnes to 30m. tonnes. A considerable amount of new refining capacity is to be installed on seven sites (Algiers, Arzew, Hassi Messaoud, Skikda, Bejaia, and In Amenas) in line with Sonatrach's intention of exporting refined products in preference to crude oil.

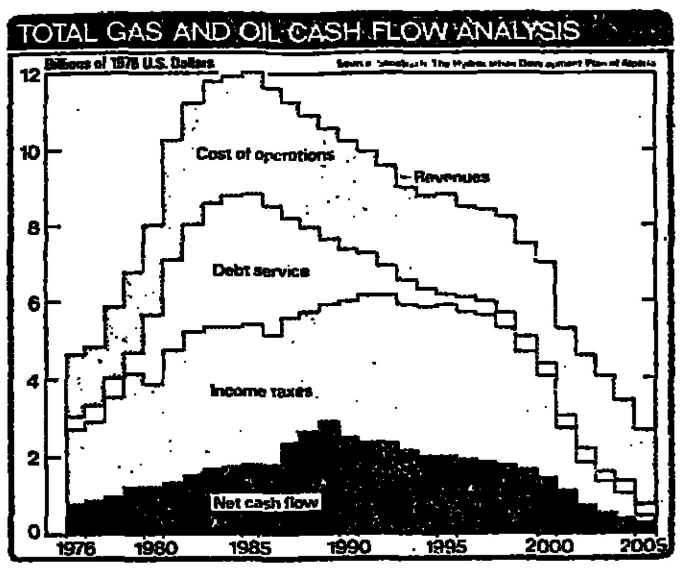
At present West Germany, the U.S., Italy, and Spain are the main purchasers of Algerian crude. They pay \$14.30 a barrel (or 20 cents a barrel more if they are not participating in exploration ventures with Sonatrach) even though the report indicates that the average operating costs are no more than \$1.15 a barrel. As with all crudes, traded internationally, the price of Algerian low sulphur oil is set against the reigning marker price fixed by the Organisation of Petroleum Exporting Countries.

The development plan, outlined in the report, also covers projects down-stream of oil and gas production. Here again large amounts of money are to be spent on expansion projects although oil and chemical groups in the U.S. and Western Europe will be relieved to read that "the existing and planned facilities for the production of fertilisers, petrochemicals and plastics are intended primarily to meet domestic requirements." A number of oil and gas producing countries are planning considerably to expand their exports of chemical products in spite of the over-capacity that exists in the traditional manufacturing areas. Sonatrach's report states, however, that its planned facilities "can be viewed as constituting a portion of the industrial base being established as part of Algeria's national development plan."

So far Sonatrach has spent well over \$335m. on its existing fertiliser and petrochemical plants. The pace of projected development can be gauged from the fact that by 1985 the state corporation intends to spend another \$5.6bn on such facilities. Furthermore, between 1978 and 1981 Sonatrach expects to spend \$1.3bn. on distribution facilities for petroleum products including 720 petrol stations (\$398m.); 12 oil distribution centres (\$279m.); 1,620 trucks (\$125m.); 7.2m. butane bottles (\$125m.); and three products pipelines (\$89m.).

These facts and figures not only illustrate the thoroughness of the survey but also the ambitiousness of the development plan. Whether the cash, the expertise, the labour and the equipment can be assembled in time to meet the targets that have been set must be at least questioned. But there are clearly considerable opportunities for those companies able to povide the equipment and services in demand. This, no doubt, is why a British trade mission has just flown to Algeria.





Huge rise in energy investment estimated

By David Fishlock, Science Editor

THE Government must anticipate an investment in energy more than three times as great as to-day's capital stock if it hopes to remain self-sufficient early in the next century once North Sea resources run out.

This conclusion, reached by an ICI study on the basis of estimates published earlier this year by the Department of Energy, is to be presented soon to the company's Board.

A working paper circulating in the company questions whether the capital investment required for conversion of coal as a replacement for oil and gas could be sustained by a country assumed to grow at 3 per cent. until the year 2000, decreasing to 1.5 per cent. by 2025.

It estimates that the capital requirements for coal conversion could amount to almost as much as the cost of the maximum nuclear programme envisaged by the Department of Energy.

Added together—with nuclear providing most of the electricity and coal most of the liquid and gaseous fuels and chemical feedstocks—they suggest an investment of £171bn. in energy plant by 2025, at January 1977 prices.

This compares with a current energy investment of £52bn., of which £31bn. is in electricity.

PLAYED DOWN

The study was carried out for ICI by Dr. Andrew Stratton, formerly director of the defence operational analysis establishment, a Ministry of Defence "think tank," who has been seconded to the company's corporate research and technology department in London.

Dr. Stratton's working paper has won the confidence of his research colleagues, who in turn have won the attention of the ICI Board for what is seen as a matter of crucial importance to the group's long-term future.

The Energy Department's forecasts have tended to play down the situation beyond 2000, chiefly because they do not offer a realistic alternative to a rapidly expanding nuclear programme.

The critique of the Energy Department's forecasts also comes at a time when the Government is preparing to announce a plan for the further development of several novel coal conversion technologies developed in Britain.

According to the ICI paper, an assessment of the efficiency of the energy sector operating on coal as feedstock indicates an efficiency substantially lower than is implied by the department's forecasts for 2025. As a result, the energy gap between demand and projected indigenous supply works out about 70 per cent. higher—at a level about twice that of Britain's 1973 oil imports.

BOOKS

Pinter's Proust

BY PETER QUENNELL

The Proust Screenplay by Harold Pinter, with the collaboration of Joseph Losey and Barbara Bray. Eyre Methuen, £7.00. 166 pages

Poems and Prose 1949-1977 by Harold Pinter. Eyre Methuen, £6.00. 99 pages

Chekhov's *Three Sisters* yearned for Moscow, which had become their visionary Promised Land; and I remembered them in 1960 when I saw a modern play about an old half-witted tramp who believed that, if only he could reach Sidcup, he would solve the riddle of his own existence. Thanks to the dramatist's strange staccato dialogue, his chief character's wild preoccupation with Sidcup seemed almost as haunting and disturbing as the Sisters' dreams of Moscow; and I wished at the time that this extraordinary tragi-comedy could have continued an hour or two longer, while the tramp whined and threatened and scolded, and his antagonist, some kind of paranoiac recluse, endlessly argued and objected, and, grasping a recalcitrant switch or plug, squinted savagely along the screwdriver he held.

The Caretaker, Harold Pinter's fourth play, was his first considerable success; and since then I have again and again admired, often on the television screen, his gi't of building up a psychological labyrinth from which the group of characters he has assembled cannot hope to find an issue. I was interested, therefore, and also a little alarmed, to hear that he had undertaken to produce a screenplay derived from *A la Recherche du Temps Perdu*. It appeared a formidable, perhaps an impossible task. Not only was there the major problem of length—Proust's great novel, in the scholarly *Pléiade* edition, contains well over 3 000 pages—but both the novelist's method of unfolding his story and his attitude towards his dramatis personae were bound to make it doubly difficult.

His method itself—Proust's habit of interleaving present and past, and the rôle he attributed to the operations of unconscious memory, which alone, he thought, could bring the past alive—would surely defeat even the most sympathetic screen-writer. Nor do his personages preserve their original shapes; they are gradually transfigured, and sometimes disfigured, during the latter stages of the narrative, until the gallant and generous Saint-Loup has degenerated into an ignobly selfish paederast; the terrible Baron de Charlus, into a drivelling dotard; and the vulgar Madame Verdurin has married the Prince de Guermantes and is now a sovereign lady of the Parisian social world. For Proust, as for the philosopher Heraclitus, everything changes; nothing stands still; and the cinema audience, I assume, pre ers a fairly definite "story-line," which runs from a well-established beginning to a suitably dramatic close.

Such were some of the technical problems that Harold Pinter must have faced; and, although I would not go so far as to say that he had triumphantly surmounted them, he has produced a remarkably absorbing book. The keenest Proustian need have no fears; Pinter has stuck close to the text, seldom inserts an obvious "bridge-passage" and rarely strikes a false note. True, an exception occurs on page 82, when the Narrator pays an impromptu visit to his neighbours the Duc and Duchesse de Guermantes; and the Duke, an intensely stupid and profoundly snobbish man, greets his wife's humble young acquaintance with the words: "Marcel! How nice of you to look in." But that rather jarring interpolation is quickly followed by the dramatist's version o' one of the novelist's most moving scenes. Swann who has been attacked by an incurable disease and knows that he must soon die, does his best to enlighten his devoted old friend; but the Duchess, who is late for a party and whom the punctual Duke is mercilessly nagging, decides to disregard the news, says that Swann mustn't exaggerate, and invites him to luncheon "any day you like," so that they can talk at leisure.

Harold Pinter manages to compress this tragic episode, which in the novel occupies four closely printed pages, into less than thirty lines; and the result is still effective. Other important scenes he handles with equal dexterity; and he pounces on revelatory details, as when Odette, the ci-devant courtesan, to-day the rich and respectable Madame Swann, drives down the Allée des Acacias; and a passer-by remarks "I was in bed with her the afternoon General MacMahon resigned"—that is to say, some 18 years earlier; though Pinter does not add the end of the remark, which somehow strengthens its impression:

"Si vous l'aviez connue à ce moment-là, ce qu'elle était jolie. Je me rappelle que nous étions embêtés par le bruit des crieurs de journaux; elle a fini par me faire lever."

Besides Monsieur and Madame Swann and Robert de Saint-Loup, other chief personages of the novel—the Narrator's beloved grandmother, the Verdurins and their circle, the Guermantes, the Baron de Charlus, Monsieur de Norpois, Jupien and, of course, Albertine and "*la petite bande*"—are capably if briefly summarised; and the Narrator's famous quarrel with Charlus, when he demolishes the Baron's top hat, makes a splendid comic scene. Having spent three months, the dramatist tells us, reading *A la Recherche du Temps Perdu*, he and his collaborators decided that "the architecture of the film should be based on two main . . . principles: one movement . . . towards disillusion, and the other . . . towards revelation." The sense of disillusion he certainly brings home; the Narrator, Swann, and Saint-Loup all discover that human love is an illusory experience. What he fails to convey is the imaginative revelation that finally crowns and justifies the tale.

Harold Pinter: a feat of compression

Trevor Humphries

In the novel the Narrator is a man who has lost and wasted time, only to regain the essence of the "temps perdu" through the use of his unconscious memory and the magic power of art; and art is symbolised by the scrap of yellow wall, the "petit pan de mur jaune," that brightens the background of a favourite picture, Vermeer's celebrated *View of Delft*. Among Pinter's stage-directions it constantly recurs; but, as he omits to explain that it has glorified the last hours of Proust's imaginary writer Bergotte, the type of dedicated artist; and that, against it, because it is perfectly observed and painted, Bergotte balances and finds wanting his whole literary achievement, I am not sure that an uninstructed reader will quite grasp its full symbolic value.

Yet for a reader who knows and loves Proust *The Proust Screenplay* is a book I can confidently recommend. One agrees and disagrees, goes back to the book itself, makes a few pedantic marginalia — on page 105, for example, when Madame Cottard falls asleep, she should dream not of Charles but of Odette Swann. I suspect, however, that unless one had read the novel, the development of the screenplay might at times prove slightly baffling, so vast and elaborate is the structure of the basic narrative and so numerous are its interwoven themes. The play's stable-companion, *Poems and Prose*, which I have no space to review here, reveals a different aspect of authors' gifts, and includes a stimulating selection of his *Poems and Prose* written between 1949 and 1977.

Case of the Second Quartet

BY C. P. SNOW

Sherlock Holmes and his Creator by Trevor H. Hall. Duckworth, £7.95. 154 pages

This book is unclouded joy. It will, of course, be seized on by all devotees of Sherlock Holmes and the Higher Criticism of the Holmes canon. But it will give both pleasure and enlightenment to anyone with a taste for mock-serious scholarship.

Mock-serious isn't really the right term. Mr. Hall applies the entire apparatus of the scholarly virtues to what solemn persons would regard as a trivial topic. He has industry, very high literary and correlating intelligence, and the courage—which is a prime requisite for a good textual scholar—to know when the reserves of exactitude are exhausted and it is necessary to take a risk. Sometimes, too often, one sees incomparably less professional and imaginative scholarship applied to major topics. This is particularly true of certain domains of Eng. Lit. studies. It does seem slightly odd that Mr. Hall should devote his talents, high by any academic standards, to this particular subject, though it is agreeable for the rest of us.

He is a long way the best of the English practitioners of Holmesian higher criticism. He has far more direct insight than, say, Ronald Knox or S. C. Roberts. At first glance, surprisingly, he also seems to have a more natural relish for any kind of textual research. He is, in a subdued fashion, very funny, which of course helped because he 'oves his work.

To see him at his best, turn to one of the essays in this selection "Thomas Stearns Eliot and Sherlock Holmes." It had previously been spotted that six lines in *Murder in the Cathedral* were, except for three words, identical with "The Musgrave Ritual." Notes about this had appeared in somewhat obscure places. There was a theory that the coincidence was a freak of unconscious memory. Asked about it in a private letter, Eliot said firmly that, on the contrary, his use of "The Musgrave Ritual" was "deliberate and wholly conscious." Hall has now collected all the evidence on this point, and gone much further. The curious word "grimpen" occurs in *East Coker*. It is not to be found in either the concise nor the comprehensive OED. It must be taken, says Hall, from the "Grimpen Mire" in *The Hound of the Baskervilles*.

Sherlock Holmes: some fresh deductions

There is more to come. In *Old Possum's Book of Practical Cats*, Macavity is described as follows:

"Macavity's a ginger cat, he's very tall and thin
You would know him if you saw him, for his eyes are sunken in.
His brow is deeply lined with thought
his head is highly domed . . .
He sweeps his head from side to side
with movements like a snake."

Compare Holme's description of Dr. Moriarty:

"He is *extremely tall and thin*, his forehead domed out in a white curve and his two eyes are deeply sunk in his head . . . His face protrudes forwards, and is forever slowly oscillating from side to side in a curiously reptilian fashion."

Hall comments that, if we could see Moriarty and Macavity together, we would hardly be able to distinguish between them —apart from the fact, perhaps, that Moriarty was clean-shaven and Macavity, like most cats, was not.

Hall traces the textual identity throughout the Macavity passages. Again, this must have been completely deliberate, one of Eliot's clandestine jokes. So far as I know, no one before Hall had detected it.

There is one minor mystery which even Hall cannot unravel. In April, 1929, there appeared a five-page article in The Criterion under the title of "Sherlock Holmes and his Times." It was signed T. S. Eliot. It was an admirable piece of enthusiastic literary appreciation. Twenty-four years later, a Holmesian in Denmark wrote to Eliot asking if he had ever written an article on Sherlock Holmes. Eliot replied, with his usual politeness, saying that he was a devoted admirer of Holmes, but had never written about him.

This is baffling. Had he simply forgotten? Eliot was only 65 at the time, and his memory was excellent. Or was this another of his dead-pan jokes? It doesn't sound like it, and it wasn't in his style to answer to a respectful inquiry in an evasive fashion. It remains the the strangest puzzle in the whole of Hall's brilliant book.

In the last chapter, "Conan Doyle and Spiritualism," Hall shows another aspect of his talents and a deep and valuable one. How did Doyle come to believe in, and defend, the most transparent frauds? It is generally agreed, by all who knew him, that he was himself the most benevolent and honest of men, unwilling to believe ill of anyone. On the other hand, he was no man's fool. However could he believe in the testimony of William Crookes and Florence Cook? (Crookes, though a good scientist, was very far from being a respectable Victorian, and Florence was his mistress.)

Hall's view, expressed with sympathy and understanding, is that Doyle wasn't interested in the evidence for spiritualism. He didn't even look for it. He had gone through a religious conversion. He came to spiritualism as a convert, and no more thought of challenging a manifesration than, if reconverted to the Catholicism he was born to, he would have wanted to challenge the testimony of those who had just witnessed a miracle.

Powell when young

BY PETER RIDDELL

Messengers of Day, volume two of **To Keep the Ball Rolling**, by Anthony Powell. Heinemann, £6.00. 209 pages

Anthony Powell is almost as elusive as Nick Jenkins. After two volumes of memoirs, and not yet up to the milestone of a 30th birthday, Mr. Powell's personality remains shadowy even though his tastes and social world are clearly defined: a reticence in personal and sexual matters is not always to be regretted, if only for its rarity.

This second volume of memoirs is more entertaining than the first, now that the slightly tedious family history is out of the way. The period covered is roughly from 1926 (after Oxford) to 1934 with occasional forays forward . . . "the young man setting out on a metropolitan career."

The picture of Duckworth's is notably vivid: the view, for example, of the founder, whose "interest in books, anyway as a medium for reading, was as slender as that of any man I have ever encountered . . . If the virus of bibliophobia is dormant in the blood there is nothing like a publisher's life for aggravating the condition."

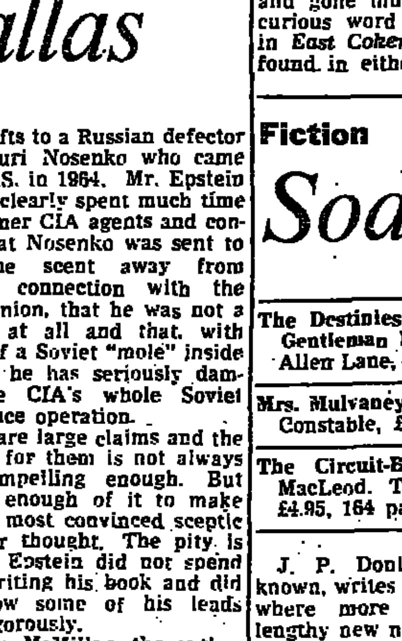
Some of Duckworth's authors also appear, such as Belloc, Ford Madox Ford and Galsworthy (with his "redolence of boundless vanity"). Mr. Powell introduced some writers of his own generation to the firm, notably Evelyn Waugh, whose early career and first marriage appear in a more sympathetic light than recently.

The book includes some memorably funny stories and anecdotes. The cast includes the Sitwells, Augustus John, Rosa Lewis and the Cavendish, Wyndham Lewis, E. M. Forster and Aleister Crowley. Mr. Powell is revealing about even so well documented a character (or demon) as Crowley, The Beast 666, with whom he lunched off mutton at Simpson's.

While the memoirs have an intrinsic interest of their own, there is, of course, an additional attraction, for members of *The Music of Time* cult—no doubt presided over by the Crowley-like figures of Dr. Trelawney and Scorpio Murtlock. Mr. Powell has warned against the reader's desire to draw comparisons between characters in the novel and in the memoirs; a particular person may have provided the inspiration but then "invention, imagination, the creative instinct" take over.

Nevertheless the worlds of autobiographer and novelist are never far apart; Fitzrovia, Bloomsbury, Mayfair and even individual restaurants are common to both. Moreover, Mr. Powell admits to some comparisons, of which the most striking in the current volume is between his close friend Constant Lambert and Moreland. Widmerpool has yet, however, to find a real-life prototype.

Mr. Powell is also interesting, though disappointingly brief, about his literary tastes and thoughts on novel writing. Discussing his own first three novels published before 1934, he says, "the dammed up reserves of 25 years were there to be drawn on; the problem, how to use these with best advantage. When this store—a kind of Original Sin—is used up, the writer must consciously look about for new material. This means an essential change in the sort of book written: the setting in motion of what one hopes to be a self-renewing system of continuous imaginative development." Mr. Powell's hopes have been amply fulfilled with self-renewal now extending from novels to memoirs.



Anthony Powell: elusive as ever

Back to Dallas

BY DAVID BELL

Legend: the secret world of Lee Harvey Oswald by Edward Jay Epstein. Hutchinson, £5.50. 382 pages

Marina and Lee by Priscilla Johnson McMillan. Collins, £7.95. 527 pages

Seventy per cent of the American people still believe—nearly 14 years after his death—that President Kennedy's assassination was the result of a conspiracy.

But each new inquiry, each fresh batch of books purporting, at last, to "tell the real truth" has actually done little more than add another layer of confusion to an extraordinarily confused story. The temptation is to forget the whole subject on the grounds either that the Warren Commission was right or that the truth is going to remain buried for ever anyway.

Yet every now and then a book appears that reminds the reader just how many loose ends there still are and how unsatisfying have been most of the explantions so far advanced for the assassination. *Legend* is such a book. It is not out of the "Oswald didn't do it" stable, it shies away from hard conclusions much of the time and it is at times, irritatingly under-researched.

But there is enough there to hold the interest and the book raises important new questions. Mr. Epstein has concentrated on the most under-studied part of the Oswald saga—his long-standing connection with the Soviet Union. So keen was the Warren Commission not to provoke an incident with the Soviet Union when it emerged that Oswald was in fact a defector with a long history of Marxist leanings, that comparatively little was made of his Soviet connection.

Painstakingly Mr. Epstein has hunted down the men who served with Oswald in the Marines in Japan when he operated the Radar scopes that monitored U-2 spy aircraft. A picture emerges of a highly intelligent man who might have been able to gather enough information about these aircraft, who might have passed it to Soviet agents in Tokyo on week-ends when none of his friends knew where he was, who might have been encouraged to defect to Russia and so on and so on.

Midway through the book the focus shifts to a Russian defector called Yuri Nosenko who came to the U.S. in 1964. Mr. Epstein has also clearly spent much time with former CIA agents and contends that Nosenko was sent to draw the scent away from Oswald's connection with the Soviet Union, that he was not a defector at all and that, with the aid of a Soviet "mole" inside the CIA, he has seriously damaged the CIA's whole Soviet intelligence operation.

These are large claims and the evidence for them is not always quite compelling enough. But there is enough of it to make even the most convinced sceptic pause for thought. The pity is that Mr. Epstein did not spend longer writing his book and did not follow some of his leads more rigorously.

Priscilla McMillan, the author of *Marina and Lee*, will have none of this. By chance she was the freelance journalist who interviewed Oswald soon after he defected to the Soviet Union. By chance, too, she had known the then Senator Kennedy in the 1950s. So after his death she befriended Marina Oswald, Lee's wife, and for some months lived with her. This book, which has taken many years to write, is the result of these coincidences.

The portrait of Oswald that emerges from it is of a man much less in control of himself than in the Epstein book. It chronicles his fractured childhood, his congenital dissatisfaction with the world around him, his strange, unhappy marriage and the psychological problems that, in Miss McMillan's view, finally led him to be "unable not to try to kill the President."

The difference between the books is neatly summed up in one contrasting piece of an analysis. To Miss McMillan his handwriting is clearly that of someone dyslectic (hence some of his other problems) but to Mr Epstein the way he wrote in Moscow is clear evidence that he was taking dictation, that all the time he was in the Soviet Union he was under the aegis of the KGB.

In the end who knows? What novelist would ever have written a novel about the assassination of a President with the plot that emerged after Kennedy's death? It would have seemed implausible and the explanations so far advanced still seem implausible, the more so after reading Mr. Epstein's book.

Fiction

Sodom and Begorra

BY ISOBEL MURRAY

The Destinies of Darcy Dancer, Gentleman by J. P. Donleavy. Allen Lane, £4.95, 414 pages

Mrs. Mulvaney by Hilary Bailey. Constable, £4.50, 192 pages

The Circuit-Breaker by Sheila MacLeod. The Bodley Head, £4.95, 164 pages

J. P. Donleavy, it is well known, writes *con brio*. And nowhere more so than in his lengthy new novel *The Destinies of Darcy Dancer, Gentleman*. The alliteration of the title gives notice of the richness within. There is much in the novel that is funny; there is much that is well-observed, well-expressed. And yet this reviewer did not like it, was disapopinted, recoiled from the feast.

Why? The novel is set in a decaying Irish stately home. It is about the heir, a precocious young teenage lad who suffers from what can loosely be described as Portnoy's complaint, and is irresistibly attractive to older women. First to fall victim is the housekeeper, the possibly aristocratic, possibly Polish, Czech or Austrian Miss von B., whose mammary development particularly attracts our hero At length, and frequently.

The trappings of the decaying Irish stately home are as we might expect, the comic servants, the clever thief, the honest rogues, the hunt. And ladies on the hunt with fascinating mammary developments. And a short visit to a sadistic and decaying Irish boarding school.

Prolixity is the problem with this novel. Not the repetitive sex scenes, or the repetitive hunting scenes, or the hero's erections, or the obscenities, or any one ingredient. But too much of all of it, too little control, too much exuberance and predictability. I recognise ability here, and am sure others will praise the novel: the reader is welcome to try for himself, but I feel sated with its excesses.

A relief to turn to a (rather) cooler climate. To the world of Joe Coverdale, a rather older *homme fatale* than Darcy Dancer Unexpectedly, Hilary Bailey has chosen a man to narrate her second novel, and occasionally this jars: both Joe's own experiences and his opinions of his neighbours and mistresses sometimes ring a little false. This novel is as intelligent as her first, *Polly Put The Kettle On*, but not perhaps as evenly ironic.

Part-novel and almost part-thesis, *Mrs. Mulvaney* tells of an apparently general experience, the conventionalising of the educated middle-class male, and the apparently unusual hero's reaction against it. By the beginning of the novel he has already caused his wife and children to leave, and he continually toys with rejecting conventional career success.

He suffers, apparently greatly. He also sleeps with Elmira, the oddly strong Antipodean ballet dancer, with Jessica, supposedly his wife's oldest and dearest friend, who may be looking for a more promising husband, and—eventually—with Katie Mulvaney, who is different.

Katie Mulvaney is Irish. She has a stuffy husband (but all the husbands except Joe are stuffy), and impossible children with names like Siobhan and Ajax, and visions. For no ultimately clear reason, except that she is indeed different (but all the women *are*), Joe opts for her. As their relationship develops through bomb-blast and confidence, Joe becomes convinced that they can try to remake the world.

I found this a more interesting book than the Donleavy, but not, in the end, more convincing. The ladies were too unanimously ready for Joe: his feelings were over-analysed, and yet in the end, his character lacked depth.

In *The Circuit-Breaker*, Sheila MacLeod continues to pursue her own original adaptation of science fiction modes, as she did in *Xanthe and the Robots*. This time, three astronauts are trapped in a crippled space-ship. One of them, Baird, who has special powers of "autokinesis" and telepathy, can return to earth thus, and his mission is to recruit someone from his own life and someone for each of the other two, so as to bring all three safely back telepathically, without benefit of machinery.

The novel is actually about Baird's relationships in each of these three "circuits." There is his own wife, and the discoveries he will make about their feelings for each other and about hers for the head of Mission Control. There is his partner Devitt's mother, whose possessiveness over her sons turns out to be less a real love than a weapon against her husband. And most disturbingly, there is his partner Haskin's wife, with whom, it seems possible, in some subjunctive might-have-been, that Baird could have found happiness.

But all are in the hands of the sinister head of Mission Control, and so the novel can be broken off, old and new circuits together. Sheila MacLeod is not yet, one feels, writing at full stretch, and yet she seems to have more freshness and individuality than either of the others, and is already an accomplished writer.

Bridge No.127

BY GEORGE MALCOLM THOMSON

The Train Robbers: their story by Piers Paul Read. Secker and Warburg. Alison Press. W. H. Allen, £5.95. 85 pages

On one count, this is not a wholly satisfactory book.

It tells how the Great Train Robbery of 1963 on the British Railways line near Tring (Bridge No. 127) was set up with the help of £80,000 of German money provided by men who are only identified by their Christian names, Karl, Sigi etc. In time, the idea was spread that behind these Germans was none other than Otto Skorzeny, the most eminent of Nazi commando leaders. Almost all the book is written on this assumption.

But, at the very end the author is convinced that the Skorzeny story was a fabrication, that there were no Germans involved in the robbery and that the whole story was a hoax invented to give fresh interest and sales appeal to a narrative that had, with time and frequent telling, become stale

However, it is not quite so simple as that. Some of the robbers have privately admitted that there was a hoax; others still insist that there was a German element in the project and that there was a German called Sigi at Leatherslade Farm on the day the loot was divided up there Piers Paul Read in the last sentence of the last chapter but one says, "I could never be certain and thought it best to leave the story as they had told it to me and let each reader decide upon its veracity for himself."

It seems to me that this is not quite good enough. The jury is entitled to a clear direction from the Bench, from Piers Paul Read.

As late as page 178, more than halfway through the book, the German motif is preserved. Buster Edwards goes to Germany by arrangement with "Karl." With him goes a van load of £250,000 of bank notes, part of the German share of the proceeds. He leaves from St. Katherine's Dock, helped by a crooked docker, and an equally crooked chief engineer. In Cologne he has a face-changing operation given to him as a "friend of the Party."

Later he became a partner of Skorzeny's in a Spanish property company. His wife, June, is said to have visited Skorzeny in Madrid to collect the dividends due to him by the company. Edwards has produced a typewritten letter purporting to come from Skorzeny. So what is the truth?

In the end, after long discussions between Read and the robbers, by this time freed from gaol, a compromise was reached They had told him the truth: if he could not believe some parts of it, he was free to exclude them. Buster Edwards would fill in the gaps with "inventions."

What seems plain to the reader is that the Great Train Robbery, carried out by a team of London thieves and "heavies," was inspired by a well-informed man called here only the "Ulsterman." It needed quite a bit of capital: cars, vans, and possession of a farm, uniforms and bribes. In all £51,648. Where did the money come from? As Read says "Let each reader decide for himself."

On another count Read's book falls short of what it might be. Its moral line is shaky Mr. Justice Edmund Davies is, in effect, condemned for the heavy sentences he passed on the gang. Pulpit denunciations of the judge are quoted with apparent approval. After all, no individual had suffered except the brutally coshed train guard, Jack Mills, and he hurt his head when falling rather than when struck. The haul of £2,600,000 was at the expense of rich banks and insurance companies. So why should the Judge feel a sense of "outrage"?

The sophistry of these arguments is obvious. The robbers were violent and brutal men who, as Buster Edwards said, did what "had to be done," that is, crack the guard's skull. The guard died some time later and his death had no obvious link with this coshing. Quite so, but the robbers ruined the last years of his life. And at no time did they offer him any compensation. Yet each of them got away with a "whack" of £150,000.

Romantic admiration for bandits is one of the weaknesses to which human nature is prone "The bandit is considered an agent of justice," says A. E. Hobshawn, "indeed a restorer of morality and often considers himself as such."

Rubbish. Most bandits are neither Robin Hoods nor victims of social deprivation, but vicious, selfish and cowardly men.

Crime doesn't pay? This comforting thought is to some extent borne out by Read's investigations: "As a result of the robbery some of the train robbers lost their wives; almost all lost their friends. The liars were lied to; the robbers robbed."

But the fact remains that, while most of the £2½ millions was squandered, "lost," or stolen, Gordon Goody, one of the chief villains, owns house property in South London worth £100,000 It is not quite certain, then, that the financial balance sheet conforms to the moral one.

In reaching his tentative conclusions, Piers Paul Read has pushed his enquiries deeply into the swarming underworld of South London, the realm of "heavies," crooked solicitors and bank managers, "bent" cops and corrupt employees of every kind. He has emerged with a vivid squalid and rather frightening panorama of villainy.

Truth of Claude

Claude Lorraine: Liber Veritatis by Michael Kitson. British Museum Publications. £15.00. 197 plates

One of the most famous treasures of Chatsworth was Claude's *Liber Veritatis* which, in lieu of death duties, entered the British Museum in 1957, and 20 years later was shown in the Print Room Gallery. The 197 drawings in this volume are of considerable beauty and of major importance for a study of Claude's art. They also assist in the assessment of the development of landscape painting in the 17th century.

The *Liber* was not in its original format when acquired by the British Museum and has now been broken up. The recent publication of the drawings from this volume is something of an event and Michael Kitson, who is responsible for the edition has made a notable contribution to the history of art.

His study of the book is comprehensive. He discusses the functions of the *Liber* and their implications. In the first instance the volume was mainly conceived by the artist as providing a record of the works he had done The drawings thus offered a means by which he could guard against forgeries. Claude, as Mr. Kitson says, was concerned not so much by the threat to his income as "the potential harm to his artistic reputation."

The volume is equipped with a valuable critical apparatus which contains much valuable information, not least concerning the artist's patrons. The book provides a record of 1667 and its pages tell us much about one of the most poetical painters of his age. It is a tribute to an artist who has attracted English connoisseurs for many years. Mr. Kitson's perceptive introduction helps us to appreciate Claude's sophistication and stylistic elegance.

DENYS SUTTON

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

Bubble memory is developing fast

THE SPEED at which magnetic bubbles—tiny cylinders of magnetisation in certain materials can be moved is important when these bubbles are to be used in memory elements for computers. Philips Research Laboraties have developed new materials in which the bubble speed is 30 to 100 times faster than in previously known materials.

Bubbles may be present in thin anisotropic layers of a magnetic material in which the preferred direction of magnetisation is at right angles to the plane of the layer

By applying a rotary magnetic field in the plane of the layer it is possible to move the bubbles along a pattern of Permalloy strips arranged on the layer. The speed at which these bubbles can move is very important because it determines the maximum frequency of the rotary field and, therefore, the maximum clock frequency at which bubble memories can be operated.

An earlier investigation at the Philips laboratories revealed that the speed of the bubbles can be increased considerably by applying a field strength component parallel to the layer, in addition to the external perpendicular field. With the usual bubble transport method it is impossible, when using the rotary field, for this extra field to be applied by external means.

Investigations at the above laboratories have shown that magnetic layers of manganese, europium and lutetium containing iron garnet deposited on the (110) face of a single-crystal substrate of the non-magnetic gadolinium-gallium-garnet have the desired properties. Bubble speeds of up to 500 metres/second have been measured in these layers, where conventional layers reveal bubble speeds of only 5 m/s.

Philips Research Laboratories, POB 523; Eindhoven The Netherlands.

Meanwhile, at Yorktown Heights, an IBM research team using currently available materials and technology, has achieved an eightfold reduction in bubble size, which means that much more information will be stored in the same area of garnet material than hitherto.

The IBM experiments demonstrated that stable magnetic bubbles as small as four-tenths of a micron in diameter can be formed, compared with the three-to-five-micron bubbles used in devices to-day. A micron is 1/25,000 of an inch.

This decrease in bubble size provides potential for a dramatic increase in the amount of information that could be packed into a bubble device in a given area, because each bubble—regardless of its size—can hold only one "bit" of information. Thus, a square inch garnet with three-micron bubbles today can hold 3m. bits of information, whereas in the near future a square inch of garnet material may be able to hold 100m. bits.

The researchers focused their attention on measuring the physical and chemical properties of garnets, examining the formation of magnetic bubbles in magnetic fields representative of those needed for bubble devices.

Although their work did not include the making of devices (actual computer components), the study furnishes important basic data needed if devices using bubbles smaller than a micron are to be designed.

More from IBM on 01-935 6600.

Clip on head saves fish

THE DEMAND FOR tropical fish in this country more than exceeds the supply, says the Tropical Marine Centre of Borehamwood, Herts, whose director travels extensively to the Far East and Caribbean, in pursuit of these exotic stocks. And, after obtaining the fish there is the problem of preserving, storing and packaging the fish for distribution to the trade.

Manual closing of polythene bags containing marine fish is often hazardous as this involves winding elastic bands tightly round the bags to obviate escape of oxygen, taking up time and running into high labour costs.

Now with the use of Tipper Clippers C 206 clippers from Ben Langen (U.K.), the fish are individually packed in a bag containing synthetic marine water, a push button oxygen valve inflates the bag giving necessary supply of oxygen to ensure survival and, almost simultaneously, the bag head is inserted into the receiver section of the dipper which then applies an air and water tight plastic coated metal clip fastening. Bagged marine fish are then placed in polystyrene insulated transit cases, holding up to 30 bags, for despatch.

More on 01 450 2135.

● METALWORKING

Forms tough metal at low pressure

TITANIUM alloys are light in weight and have the attractive property that they are still very strong even at high temperatures, properties recognised as indispensible by the aircraft industry. Titanium alloys have also found increasing application in industry for highly stressed machine parts.

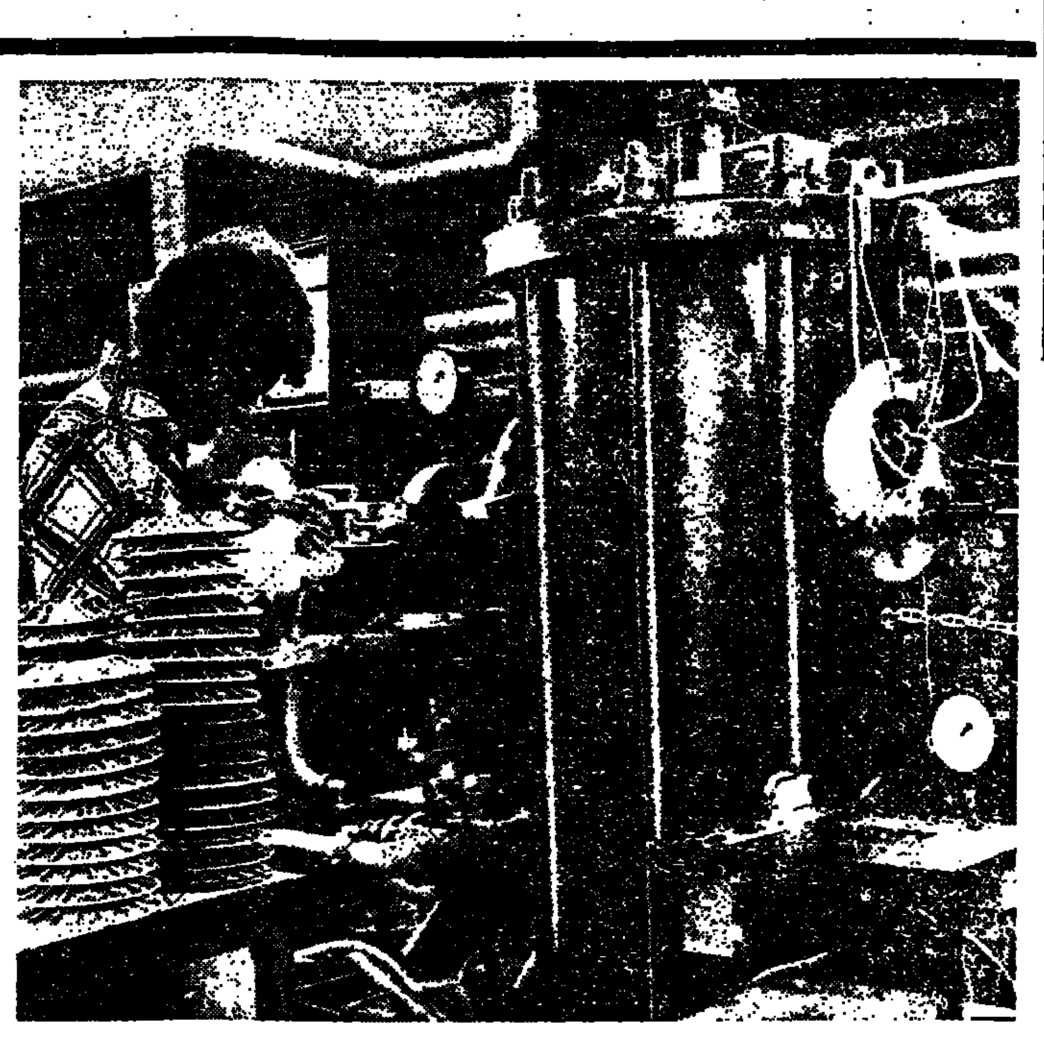
It is, however, difficult to form these materials with conventional techniques. The Brown Boveri Research Centre at Dattwill, near Baden, Switzerland, is at present involved in the investigation of new forming techniques.

It has been observed that titanium can be plastically deformed to a large extent under specific conditions. In this so-called super-plastic state, which occurs at around 950 degrees C, the material can be pressed slowly into a die held at the same temperature, with relatively low pressure. Very fine structural details can be formed with great precision, so that in a single operation — called isothermal forming—the component is given its final shape. This is very important since it eliminates the need for a separate finishing stage.

A prototype 300t press, shown right, had been developed by Brown Boveri. The press ram and the die set, which is induction heated, are in a vacuum chamber. This can be filled with argon, and is accessible through a vacuum lock which allows quick loading and unloading of components. All parameters—temperature, protective atmosphere and pressure — are tightly controlled throughout the forming process.

Extensive trials by Brown Boveri have shown that with certain alloys, isothermal forming is an economical forming process. It is especially suited to materials which are expensive to machine and for highly complex forgings. High tooling costs are more than offset by reductions in material, forming and machining costs, compared with other forging techniques. These results are now serving as a basis for future research into isothermal forming for other types of materials.

More on 01-828 9422.



● RADIO & TV

Improving a service

THE BBC is to conduct a few weeks of experiments from its Pontop Pike transmitter at 47 MHz in order to explore the possibilities of broadcasting digitally coded audio signals in band 1 as a public service for the future.

Similar experiments are in progress elsewhere in Europe—in Holland for example—where, because of the number of channels available to the domestic receiver on VHF, listeners have some trouble in knowing which station they are tuned to. With digital rather than analogue broadcasting it becomes possible to "smuggle" data digits over the air which can be used by the receiver to give an automatic display of the station name.

The BBC says that, given a need or demand, several types of signal, including new data services, could be made up into a common package using the time division multiplexing technique afforded by digital operation.

Clearly, there is the prospect of further Teletext services being broadcast in this way.

However, the Corporation also has in mind the possibility of using a VHF digital service to replace, or provide an alternative to, the present medium wave system which has a rather variable night time range and suffers from overcrowding of the bands

At present these frequencies (41 to 68 MHz) are used for the "old" 405 line television broadcasting and there is as yet no clear-cut date for termination. When they become free, however, there will be more than one contender for their use. There is likely to be a notable confrontation between the broadcasting and mobile radio lobbies.

The BBC experiment will be concerned mainly with finding out what is possible in terms of received signal strengths and likely service areas (which are in theory thought to be larger for digital than analogue, all other things being equal).

Engineers will be looking at the reception of digital signals under various listening conditions, such as with a whip aerial in a car, a fixed dipole at home or a ferrite rod inside a receiver. The latter could, with modern materials, provide an efficient aerial for VHF portables.

● COMPUTERS

Woolwich goes on line

WOOLWICH Equitable Building Society—Britain's fifth largest—is to establish a computer communications network to link all its branches to its central computer.

Code-named NIMROD (Network for Investment and Mortgage Real-time On-Line Data processing) it will give cashiers in branches all the current information on the state of customers' investments and accounts. The terminals, which will be placed on branch counters, will also enable cashiers to keep customers' central records up-to-date and provide printing facilities for the automatic writing up of passbooks.

The system will be based on the IBM 3600 range of financial communication terminals, linked to the Society's 370/145 machine.

Implementation of phase one of the system will start in branches located around the Society's headquarters in South London in the last quarter of this year. By 1980 all Woolwich branches throughout the U.K. will be connected.

More on 01-854 2400.

● IN THE OFFICE

Handles fragile archives

AVAILABLE FROM Elke Microfilm Company is an electronically controlled photographic exposure system aimed particularly at those organisations that have to microfilm newspapers, books and other old or rare documents.

The system uses a single "projectable" photocell, that is one with a light source behind it which throws the shadow of the cell on to the document for precise location purposes. The cell can control the projected subject image brightness automatically via electronic circuits, or readings can be taken for manual adjustment if non-standard densities are needed in the film.

First customer for the unit is the British Library newspaper section at Colindale in north-west London, which has ordered seven after initial trials.

More from the company at 8 Flowers Mews, Archway Close, London N19 3TB (01-340 9265).

● PRINTING

Fast full colour production

A WEB OFFSET press intended for quality printing has been inaugurated at AB Perfekta-Tryck in Sweden where it made its maiden run by printing a complex full-colour publication at a speed of 30,000 signatures per hour.

Short make-ready time coupled with high running speed were the features demonstrated at the installation at Perfekta which consists of five printing units and a folder, a two-pass dryer and automatic reelstands.

The press, called SOLNA C96, from the Swedish maker, was proved to have a very low noise level and by recovering heat from the dryer the company was able to heat its whole building, thus saving considerable amounts of energy.

Sole agent in the U.K. and Ireland for the Solna press is Pershke Price Service Organisation, Dover House, 141 Morden Road, Mitcham, Surrey CR4 4XB (01-648 7090).

● COMMUNICATIONS

Speeding the traffic

URBAN TRAFFIC control equipment for the City of Norwich has been ordered from Plessey Controls.

Although capable of driving 200 units of street devices, the initial installation will control 120 on-street units, comprising 50 traffic signals and 70 Pelican pedestrian crossings.

The Norwich network is in the mid-range of traffic control systems available from Plessey. The recently announced Co-ordinator 1010 system, controlling 35 units in Torbay, is an example of the lower end of the range, and the system in Leicester—which has been expanded to include Loughborough, 11 miles away—is an example of its inbuilt capability for expansion

The system to be installed in Norwich will have two DEC PDP11 series computers and will control the on-street units via Post Office telephone lines using the Plessey Telecommand-8 data-transmission equipment.

All Norwich traffic signals will be synchronised to minimise traffic delays. In addition, the system will continuously monitor the correct operation of the traffic controllers and will submit them to a thorough diagnostic test once each day. Installation is expected to be completed in 1979.

● SAFETY

Gas terminal watchdogs

ABOUT £200,000 has been spent on fire prevention and gas leak detection equipment at the St. Fergus North Sea gas terminal in Scotland.

The equipment was manufactured and installed by Graviner, a member of the Wilkinson Match Group. Graviner has also supplied safety equipment for Total Oil's natural gas treatment plant on the same site.

High risk areas have been equipped with over 260 smoke, rate of rise and fixed temperature detectors, continuous line temperature detection equipment, flame and gas detectors and various other safety devices.

APPOINTMENTS

SALES DIRECTOR

Scope, opportunity and challenge abound in this new appointment. Growth prospects at home and overseas are significant for this successful British Company that has an established market position for its specialist range of own label grocery products that sell to prestigious major national accounts. Technical proficiency in product innovation to meet market opportunities and financial strength are added advantages.

There are two main tasks: direction and management of the total sales effort to accelerate market penetration in U.K. and export markets, and personal selling at top level to major accounts. Profit accountability is to the Chief Executive. Performance standards are stringent and the tempo is fast and demanding.

A record of substantial success in selling, market development, and management at senior level of high quality own label merchandise to the grocery sector, including export, is the prime requirement. Comprehensive knowledge in managing and servicing fully the point of sale is important.

Age: late 30's. Salary in five figures will be for negotiation and will match the record and potential. Car provided. Location: London.

Success can lead to career progression into general management.

Letters from suitably qualified men or women should include a detailed curriculum vitae including salary progression to date which will be handled in confidence by Dr A G Roach.

ROACH

A G ROACH & PARTNERS,
8 HALLAM STREET, LONDON W1N 6DJ

Deputy Group Comptroller

• THIS is a British group with world-wide service activities manufacturing much of its associated equipment in the United Kingdom. Turnover exceeds £110 million.

• THE Deputy will be responsible to the Group Comptroller who is a member of the Group Board, and will relieve him initially of the supervision of the Group Financial Department. As a board member of certain subsidiaries and divisions the Deputy will be particularly responsible for reporting on the financial state of all overseas operations, and will understudy the Group Comptroller in his role as a member of a small senior executive team responsible for group corporate planning and strategy.

• COMMERCIAL experience and an accountancy qualification are necessary, as well as proven ability to lead a well qualified staff.

• PREFERRED age around 40. Salary £15,000. Location Central London.

Write in complete confidence
to J. E. B. Drake as adviser to the group.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET · LONDON W1N 6DJ
and
12 CHARLOTTE SQUARE · EDINBURGH EH2 4DN

Managing Director

for an expanding division of a well established public company in the Midlands. It provides products and services to industry across the UK.

• PROFIT responsibility will be to the Group Chief Executive. Turnover is now £13m and plans are laid for rapid growth through existing and new products.

• THE need is for a background in marketing management coupled with profit responsibility gained in a significant company selling products or services to a wide spectrum of manufacturing industry. A real desire to achieve profitable growth is essential.

• SALARY will interest those already earning at least £15,000. Age: early 40s.

Write in complete confidence
to P. T. Prentice as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET · LONDON W1N 6DJ
and
12 CHARLOTTE SQUARE · EDINBURGH EH2 4DN

JUNIOR EUROBOND DEALER

An international investment bank located in Mayfair area seeks a Junior Dealer with 6-12 months' experience to operate in the field of Japanese convertible bonds. A knowledge of Schweizer-Deutsch will be an advantage. The salary envisaged will be around £5,000 per annum, plus free buffet lunch.

Applications in writing to Box A6346. Financial Times, 10, Cannon Street, EC4P 4BY.

EUROBOND SETTLEMENTS: Opportunities for someone with sound knowledge of the systems to join the City office of a leading Foreign House 22-28 £5,000 neg. Monica Grove, Recruitment Consultants. 839 6542.

CLUBS

EVE, 189, Regent Street. 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45, and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69 Dean Street, London W.1. NEW STRIPTEASE FLOORSHOW THE GREAT BRITISH STRIP Show at Midnight and 1 a.m. Mon.-Fri. Closed Saturdays. 01-437 6455

Sales Director

PROCESS ENGINEERING PROJECTS

• THIS is a new appointment within the project management subsidiary of a giant UK engineering group. The objective is to identify and undertake profitable projects, at home and overseas, drawing on a wide range of engineering disciplines and systems.

• RESPONSIBILITY is to the Managing Director for developing a sales and marketing effort capable of operating internationally to find and negotiate major turnkey projects.

• THE requirement is for a record of commercial success in technical sales at a senior level. This will probably stem from a formal qualification, backed by appropriate experience of process, chemical or mechanical engineering and a sound financial insight.

• SALARY is negotiable into five figures. Age: 35-45. Location: the north-east of England.

Write in complete confidence
to P. Craigie as adviser to the group.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
12 CHARLOTTE SQUARE · EDINBURGH EH2 4DN
and
10 HALLAM STREET · LONDON W1N 6DJ

Banking

OIL INDUSTRY

• THIS appointment is crucial to the further development of international oil industry business for a leading London based bank.

• WITH the overall goal of increased financing capability in this area, responsibility includes project feasibility analysis and appraisal, financial structuring, negotiation and marketing.

• THE requirement is for significant directly relevant experience in a bank with substantial business in oil industry financing.

• PREFERRED age: middle 30s. Salary not less than £12,000 with excellent additional benefits.

Write in complete confidence
to A. Longland as adviser to the bank.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET · LONDON W1N 6DJ
and
12 CHARLOTTE SQUARE · EDINBURGH EH2 4DN

Export Management

SOUTH AMERICA

for Arthur Bell & Sons Limited, the well-known Scotch whisky group. Bell's are brand leaders in the UK and are aiming at a significant increase in their overseas markets.

• THIS is a new appointment, responsible to the Managing Director for the control and development of Bell's sales and marketing activities in South America and the Caribbean. It involves overall market planning as well as active personal supervision and liaison with an established agency network.

• PROVEN success in export sales management is the key requirement. This should have been in a demanding and sophisticated consumer marketing environment. Based in the UK, the appointment will demand up to nine months presence in the market each year so that experience of extensive overseas travel is essential.

• REWARDS are high and will be attractive to candidates currently earning in excess of £10,000. Age: 35-40.

Write in complete confidence
to P. Craigie as adviser to the group.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
12 CHARLOTTE SQUARE · EDINBURGH EH2 4DN
and
10 HALLAM STREET · LONDON W1N 6DJ

Industrial Development Officer

up to £7600

This is a rare opportunity for a senior professional man or woman to make a substantial personal contribution in the important area of industrial development in Eastern Scotland.

The appointment involves the preparation and implementation of a programme for the revitalisation of industry and commerce within the Kirkcaldy District. Ideally suited for industrial and commercial activities, the area is well-served with road and rail connections and has its own harbours and airfield. Edinburgh and Dundee are within easy reach, and there are excellent recreational and leisure facilities.

The person we seek could have an industrial/commercial background or be from the professions. The main qualifications, however, are personal drive, enthusiasm, initiative and the presence necessary in high-level negotiation.

The salary of up to £7600 reflects the importance we place on this appointment. Conditions of employment are good and generous assistance is given with relocation expenses.

Application forms and further particulars are available from the Chief Personnel Officer, Kirkcaldy District Council, Town House, Kirkcaldy, Fife. Telephone No. (0592) 61144.

Kirkcaldy District Council

COMMODITY APPOINTMENTS LTD. International Recruitment Specialists for the Commodity Markets. Tel Graham Stewart. 01-439 1701.

FINANCIAL CONTROLLER

c. £11,000 + Car

Our client, a multi-national corporation, urgently seeks an ambitious qualified accountant 30-40) who has had considerable experience in the private building sector. Directorship prospects.

U.K. EQUITIES

£8,000 + neg.

Highly motivated individual 25-32, with research or sales exp. to join expanding Institutional Sales desk of large firm and promote work of certain highly regarded analysts. Partnership prospects.

TREASURY

c. £9,000

Banker or qualified accountant with experience of Treasury administration and appreciation of money market operations to join a major finance organisation.

INSURANCE OR CHEMICALS

£7,000-£10,000

On behalf of two well known medium sized firms we seek two experienced Analysts—one to increase research and sales coverage of insurance sector, the other to become responsible for the chemical sector.

Stephens Selection
35 Dover Street, London W1X 3RA.
01-493 0617
Recruitment Consultants

COMPANY NOTICES

GOLD FIELDS GROUP
DEELKRAAL GOLD MINING COMPANY LIMITED

(Incorporated in the Republic of South Africa)

OFFER OF SHARES TO MEMBERS TO RAISE R47,502,000

Members and/or their renouncees who wish to accept the above offer are reminded that the offer will close at 16h30 (local time) on Friday, 19 May 1978. Johannesburg Letters of Allocation must be lodged only with the South African bankers to the issue.

LONDON LETTERS OF ALLOCATION WILL ONLY BE ACCEPTED BY THE COMPANY'S UNITED KINGDOM REGISTRAR FROM AN AUTHORISED DEPOSITARY IN THE UNITED KINGDOM OR AN APPROVED AGENT IN THE REPUBLIC OF IRELAND, AS APPROPRIATE.

By order of the board,
GOLD FIELDS OF SOUTH AFRICA LIMITED,
Secretaries,
per D. J. White

London Office:
49, Moorgate,
London EC2R 6BQ

Head Office:
Gold Fields Building,
75, Fox Street,
Johannesburg,
2001
12 May 1978

THE COUNCIL OF EUROPE RESETTLEMENT FUND FOR NATIONAL REFUGEES AND OVER-POPULATION IN EUROPE

LOAN OF $U.S.20,000,000 9¼% 1975-1984

Holders of the above mentioned loan are herewith informed that the first annual instalment covering an aggregate amount of $US2,850,000 has been effected by drawing by lot which took place on 27th April 1978 in the presence of a notary public.

The bond numbers selected by lot are the following:—
numbers 4267 to 7116 inclusive.

The bonds so drawn become redeemable at par on and after 15th June 1978 at the offices of the following banks:
—BANQUE INTERNATIONALE A LUXEMBOURG S.A. - LUXEMBOURG
—SOCIETE GENERALE - PARIS
—ALGEMENE BANK NEDERLAND N.V. - AMSTERDAM
—BANQUE BRUXELLES LAMBERT - BRUSSELS
—BERLINER HANDELS- UND FRANKFURTER BANK - FRANCFORT/M.

After the above stated redemption date the amount of bonds remaining outstanding will be $US17,150,000.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Fiscal Agent

Luxembourg, 12th May, 1978.

STAR EUROPEAN FINANCE N.V.

FF100,000,000 Loan 8% 1973/1988

Bondholders are hereby informed that first instalment of amortization due June 15, 1978 amounting to FF 6,000,000.- has been entirely effected by repurchase on the market.

Fiscal Agent
CREDIT LYONNAIS—LUXEMBOURG

COLD STORAGE HOLDINGS LIMITED

(Incorporated in the United Kingdom)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Empire Dock, Singapore 2, at Noon on 17th June, 1978 when the Directors will recommend for approval a Final Dividend of 6 Singapore cents per 10p stock unit less income tax in respect of the Financial Year ended 31st January, 1978 payable on 19th June, 1978 to Stockholders on the Registers as at that date, making a total distribution for the year of $7,122,109 (unchanged from previous year).

NOTICE IS ALSO GIVEN that the Transfer Registers of the Company will be closed from 10th-19th June, 1978, both dates inclusive, for the preparation of dividend warrants.

Results for the year ended 31st January, 1978 subject to completion of audit, were:

	1978 Group $'000	1978 Company $'000	1977 Group $'000	1977 Company $'000
Sales	193,500		180,600	
Investment Income		16,095		15,520
Profit before tax	21,428	15,975	21,648	15,451
After charging: Depreciation of Fixed Assets	5,627	—	5,368	—

By Order of the Board
J. D. RAJ,
Secretary.

Singapore,
4th May, 1978.

In the Matter of
THE HONG KONG COMPANIES ORDINANCE
and
In the Matter of
INTERNATIONAL PACIFIC SECURITIES COMPANY, LIMITED
(In Members' Voluntary Liquidation)

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company, which is being voluntarily wound up, are required on or before 29th May, 1978, to send in their names, addresses and particulars of their debts or claims to the Liquidators of the said Company, and if so required by notice in writing from the Liquidators, are personally or by their Solicitors to come in and prove their debts or claims at such time and place specified in such notice, or in default thereof, they will be deemed to waive all of such debts or claims and the Liquidators will be entitled seven days after the above date, to distribute the funds available or any part thereof to the members.

DATED this 12th day of May, 1978.
D. W. GAIRNS, D. L. DAVIES,
Liquidators.

Prince's Building,
8th Floor,
Hong Kong.

SOCIETES DE DEVELOPPEMENT REGIONAL (S.D.R.)

8% 1971/1986 UA 12,000,000

On April 28, 1978, Bonds for the amount of UA 640,000 have been drawn for redemption in the presence of a Notary Public.

The Bonds will be reimbursed coupon no. 8 and following attached on and after July 6, 1978

The numbers of the drawn Bonds are as follows:
11360 to 11999 incl.

Amount purchased in the market: UA 160,000.-

Amount outstanding: UA 6,400,000.-

Outstanding drawn Bonds: 7604, 7699 and 7700, 7786, 7808, 7810 to 7812 incl., 7819, 7821, 7828, 7833 to 7837 incl., 7854, 7856 and 7857, 7864, 7872 to 7874 incl., 7881 and 7882, 8730 to 8745 incl., 8750 and 8751, 8756 to 8761 incl., 9612 to 9640 incl., 9698 to 9702 incl., 9705 and 9706, 9726, 9751, 9844, 9849 to 9852 incl., 9887 to 9893 incl., 9921 to 9930 incl., 9973 to 9978 incl., 9980 to 9983 incl., 9988 to 9998 incl., 10002 to 10006 incl., 10015 to 10018 incl., 10025, 10028 to 10031 incl., 10034 and 10035, 10081 to 10085 incl., 10099 to 10101 incl., 11104, 11347 to 11351 incl.

Luxembourg, May 12, 1978

THE FISCAL AGENT
KREDIETBANK
S.A. Luxembourgeoise

KINGDOM OF DENMARK

1971/1986 8% UA 25,000,000

On April 28, 1978, Bonds for the amount of UA 1,928,000 have been drawn for redemption in the presence of a Notary Public.

The Bonds will be reimbursed coupon no. 8 and following attached on and after June 25, 1978.

The drawn debentures are those NOT YET PREVIOUSLY REDEEMED, included in the range beginning at: 14613 to 17064 incl.

Amount subject to redemption: UA 2,000,000.-

Amount bought on the market: UA 72,000.-

Amount unamortized: UA 17,000,000.-

Outstanding drawn bonds 4749, 4755, 4769 to 4772 incl., 4774, 4787 and 4788, 4807 to 4817 incl., 4864 and 4865, 4905, 4913 and 4914, 5003 to 5009 incl., 5026 to 5029 incl., 5036 to 5039 incl., 5046 to 5048 incl., 5051 to 5055 incl., 5057 to 5060 incl., 5079, 5087, 5141, 5149 and 5150, 5153 and 5154, 5156, 5162 to 5171 incl., 5182 to 5186 incl., 5189 to 5205 incl., 5211, 5227, 5411 to 5420 incl., 5425, 5428 to 5431 incl., 5435, 5446 to 5475 incl.

Luxembourg, May 12, 1978.

THE TRUSTEE
FINIMTRUST S.A.

THE BURMAH OIL COMPANY LTD.

7% 1972-1987 FLUX 500,000,000

Holders of the above-mentioned loan are hereby informed that the annual instalment of Flux 50,000,000—due 30th June, 1978 has been partially effected by repurchase in the market of an aggregate amount of Flux 2,000,000—and partially by drawing by lot of the remaining Flux 48,000,000.

The following bonds have been drawn on 28th April 1978 in the presence of a notary public:

Numbers 8882 to 9781 inclusive

These bonds will be redeemable at par on and after 30th June 1978 with all unmatured coupons attached thereto.

The principal amount of bonds outstanding after the amortisation of 30th June 1978 will be Flux 450,000,000

BANQUE INTERNATIONALE A LUXEMBOURG
Societe Anonyme
Paying Agent.

Luxembourg,
12th May, 1978.

TOKYO SANYO ELECTRIC CO., LTD.

(CDRs)

The undersigned announces that the Annual Report for the year ended November 30th, 1977 of Tokyo Sanyo Electric Co., Ltd.

will be available in Luxembourg at:
Banque Générale du Luxembourg S.A.

and further in Amsterdam at:
Algemene Bank Nederland N.V.,
Amsterdam-Rotterdam Bank N.V.,
Bank Mees & Hope N.V.,
Pierson, Heldring & Pierson N.V.,
Kas-Associatie N.V.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam,
May 5th, 1978.

117 GROUP FUND

société anonyme
Registered Office: LUXEMBOURG,
14, rue Aldringen
Registre de Commerce:
LUXEMBOURG, Section B No 9.216

DIVIDEND ANNOUNCEMENT

The 117 GROUP FUND S.A. will pay a 16 cents USA final dividend per share on or after June 2nd, 1978 to holders on record at close of business May 2nd, 1978. Shares will be traded ex-dividend after May 2nd, 1978.

The dividend is payable to holders of bearer shares against presentation of coupon number 11 at:
—Banque Générale du Luxembourg, S.A., LUXEMBOURG.
—Midland Bank Limited, International Division, Suffolk House, London EC4 0EU, ENGLAND.

The Board of Directors.

JAMES BEATTIE LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS relating to the ORDINARY SHARES and "A" ORDINARY SHARES (RESTRICTED VOTING) of the Company will be closed from the 23rd May to 6th June 1978, both dates inclusive.

By Order of the Board,
G. T. LOWNDES,
Secretary.

71-78 Victoria Street,
Wolverhampton.

ART GALLERIES

BROWSE AND DARBY, 19, Cork St., W.1. SICKERT. Mon.-Fri. 10.00-5.30. Sat. 10.00-12.30. Last week.

COLNAGHI, 14, Old Bond Street, W.1. BRITISH AND FRENCH PRINTS 19th and 20th Century and L. S. LOWRY DRAWINGS: 10th-30th May. Wkdys. 9.30-6. Sats. 10-1. Tel. 01-491 7408.

FIELDBOURNE GALLERIES, 63, Queensgrove, N.W.8. ART IN RELIGION.

FOX GALLERIES. Exhibition of the paintings by British and European Artists from 1700-1965, 5-6, Cork Street, London, W.1. Tel. 01-734 2626. Weekdays 10-6. Sats. 10.1.

GILBERT PARR GALLERIES, 285 King's Road, Chelsea, S.W.3. JOHN MILNE—NEW SCULPTURE. Until 13 May. Open Tues.-Sat. 9.30-5.30.

PORTRAIT PAINTERS. Royal Society's 84th Annual Exhibition at The Mall Galleries, The Mall, S.W.1 Mon.-Sat. 10-5. Until 18 May. Adm. 50p.

WILDENSTEIN. A Loan Exhibition of TWENTY MASTERPIECES FROM THE NATALE LABIA COLLECTION. Weekdays 10-5.30. Saturdays 10-12.30. Until 25th May. Admission 70p in aid of the City of Birmingham Appeal Fund. 147 New Bond Street, W.1.

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of
No. 001388 of 1978
H. G. GORDON & CO LIMITED
No. 001396 of 1978
SURLROY LIMITED
No. 001402 of 1978
TEARDALE DOUBLE GLAZING LIMITED
No. 001401 of 1978
WALSH BROTHERS (HIGHBURY) LIMITED
and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the Winding-Up of the above-named Companies by the High Court of Justice were, on the 2nd day of May 1978, presented to the said Court by the COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE; and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 12th day of June 1978 and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor for the Petitioners.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 9th day of June 1978.

CLASSIFIED ADVERTISEMENT RATES

	Per line £	Single column cm. £
Commercial & Industrial Property	4.50	14.00
Residential Property	2.00	8.00
Appointments	4.50	14.00
Business & Investment Opportunities, Corporation Loans, Production Capacity, Businesses For Sale, Wanted	5.26	16.00
Education, Motors, Contracts & Tenders, Personal, Gardening	4.25	13.00
Hotels and Travel	2.75	10.00
Book Publishers	—	7.00

Premium positions available
(minimum size 40 column cms.)
£1.50 per single column cm. extra

For further details write to:

Classified Advertisement Manager,
Financial Times,
10, Cannon Street, EC4P 4BY.

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The Management Page

EDITED BY CHRISTOPHER LORENZ

How industry is exaggerating the risks of innovation

BY PROFESSOR T. W. McRAE

THERE appears to be a growing awareness that a low rate of product innovation is at the root of Britain's economic problem. The argument goes something like this: British industry is grossly overmanned compared with other advanced industrial economies. This results in low efficiency.

The main reason for overmanning is that the powerful trade unions are unwilling to trade off jobs for higher wages, since there are no jobs available for the redundant employees. This is because new types of products and processes are not being generated at a fast enough rate to absorb the employees made redundant from older industries such as steel and vehicle manufacture. The latter must become increasingly capital intensive to meet the tough competition from low wage, newly industrialised countries of the third world.

The trick, then, is to increase the rate of product innovation. This will provide the new jobs which will allow the trade unions to run down the overmanning in the older but still, I think, essential industries.

Why is the rate of product innovation so low in British industry? There is no dearth of suggested reasons—lack of capital; too few highly trained engineers; a social mood which discourages creative people working in the business arena; a tax system which denies sufficient reward to compensate for the hard work and risk associated with product innovation—a grossly exaggerated risk.

The first suggestion is wrong. There is not a scrap of evidence to suggest that capital is unavailable to support new products. The capital is *available* but it is not being channelled into the new product sector. The second and third suggestions are probably valid, see for example Alastair Mant's comparative work on engineering in various advanced economies (see this page, October 25, 1977). But if we have to remove all *these* constraints before we can improve the rate of product innovation, we may as well throw in the towel now. The current restructuring of engineering training will take at least a generation to bear fruit and a change in social mores, several millenia.

The tax disincentive (point four), and particularly CTT, is a genuine constraint that could be dealt with quickly via a tax holiday for several years for new products or processes. I donate this idea to Mr. Healey's suggestion box for his next Budget. It is on the last point, however—the screening process by which we select viable new products—that I would like to concentrate the remainder of this article.

Over the past few years I have had the opportunity of discussing new product selection procedures with several hundred R and D managers who have passed through the technological innovation courses at Bradford University Management Centre. Two points strike me very forcibly. First, the lack of financial evaluation on new products by the R and D managers themselves, despite the very high level of their mathematical expertise on the technical side. Second, the crudity of the financial evaluative procedures employed by the non-R and D staff When deciding the go—no go decision on new technically viable products which have been developed by the R and D department.

In particular, I am surprised by the very high "hurdle" rate which new products seem to have to achieve to be allowed to pass from the development to the production stage. It appears that, unless a new product can be budgeted to achieve 25 per cent. to 40 per cent. yield on the funds invested in its production, then it is not considered viable. It is difficult to understand the justification for these high required yields if the cash flow projections on which the yield is calculated are based on a properly researched marketing report.

The conventional method of calculating a hurdle rate to select an investment project is to compare the estimate of the project's yield with the company's cost of capital. A high proportion of new capital in recent years has come from tax deductible fixed interest funds, the repayment of which is depleted rapidly by inflation. Thus, the cost of capital in recent years in *real* terms has been exceedingly low to British companies, perhaps 5 per cent. or less.

We might, therefore, have expected, *a priori*, a boom in industrial investment over the last few years. This, as we all know, has not taken place. The failure of total demand to rise has left existing productive resources with spare capacity, thus discouraging the extension of existing plant producing existing products.

But this spare capacity to produce existing products should not have affected decisions about new products. Most products have a limited life cycle, and a company should be continuously pruning and reseeding its products portfolio. If the cost of capital is historically low, and less capital than normal is going into extending existing production processes, surely this is the ideal time to invest in the development and production of new products? It would seem so, but it is not happening. The high hurdle rates applied to new products appear to be insensitive to changes in the cost of capital (or anything else, for that matter).

The problem as I see it is this. If funds for investment are costing only 5 per cent. in real terms, why does British industry insist on a yield of 25 per cent. or higher before it is prepared to invest in the production of a new product? I have put this question to several MDs and their reply was unanimous. It can be encapsulated in one word—"risk." New products are exceedingly risky and therefore they must pass a very severe financial screening test before moving to the production stage.

It is true that new products are risky, but does this risk really justify a premium of 20 per cent. to 30 per cent. over that of a riskless investment? The return on a high risk share appears to require a premium of around 6 per cent. on a riskless investment and banks charge around 6 per cent. above prime rate on loans to risky customers. Are new products, on which a thorough marketing research study has been carried out to estimate the cash flows, really so risky that such a thick cushion is needed to be inserted into the decision process to absorb risk? I think not.

A discount rate of 25 per cent. as described above kills off all long-term projects which depend on cash flows beyond about four years, and discourages any project with a long set up cost. These are the very types of high technology projects which British companies must move into in order to compensate for the loss of lower technology products to the third world.

My comments in this article are stimulated by some research work we are doing into the screening process used for selecting new products in British firms. It seems to me that the criteria of acceptance being applied at present is too severe, particularly on the financial side. I suggest that firms look back at new products introduced in the past and check to see if the failure rate was high enough to justify the high yields demanded. I would also advise R and D managers to learn more about financial evaluation processes so that they can argue knowledgeably about the adoption or otherwise of their new progeny.

Product innovation is the key to our economic future and R and D managers hold that key. Let's help them use it.

T. W. McRae is Professor of Finance at the University of Bradford Management Centre.

Two key questions that every Board should ask

MOST BOARDS of directors in manufacturing industry will be in for a rude shock if they follow the advice of one of the few people in Britain with top-level experience in both industry and government.

Lord Wilfred Brown wants every board to put two fundamental questions to its chief executive at their very next meeting: "What proportion of our turnover do we spend on product development?" and "Who is responsible for product development in our company, and to whom?"

"A lot of companies will be very shocked indeed, because they won't know the answers," according to Lord Brown. Even if they can, they will probably find they are spending far less than their overseas competitors.

"It frightens the hell out of me to think that foreign companies are preparing for a future of which most British companies are unaware." Lord Brown told a conference on product design and innovation. "What we're doing in this country is gradually retreating from one product market after another."

Yet international competition was swinging more and more from price to design competition. Customer firms would pay "double the price" for machinery if it was marginally better designed. The future of British industry was "fraught with disaster unless we can wake it up," Lord Brown told the conference, organised by the British Institute of Management and held in London last week.

Unlike many other "elder statesmen" from industry or government — he was formerly head of both Glacier Metal and the Board of Trade — Lord Brown's dire warnings are not based on outdated experience. For one thing, the current decline of product innovation in British industry is part of a long-term trend, as described on this page a fortnight ago (April 28). For another, Lord Brown is still very much involved in overseeing product development in manufacturing industry.

A member of the Government's Industrial Development Advisory Board, he examines many companies' applications for state aid under various Department of Industry schemes, seeing up to 30 briefs each month.

His verdict on these companies' attitudes to product design? "I am shocked." Not only were most spending less than 1 per cent. of turnover on product development — compared with up to 4 per cent. in the case of foreign companies —but many had no idea which of their senior executives were responsible for product design. In other words, it was not recognised as an identifiable function, in stark contrast with most U.S., Japanese, German and Swiss companies.

Antidote

Part of Lord Brown's antidote to this sickness is for companies to appoint a director of product design, who is directly responsible to the chief executive, and who is on exactly the same level of status and pay as the directors of manufacturing and marketing, so that he can command the necessary resources for the staff below him. In addition, the chief executive must insist on proper co-ordination between design, manufacturing and marketing.

Not only new product design, but also the improvement of existing products, must be entrusted primarily to the design side. "I'd always hesitate to let manufacturing tinker about with product design," Lord Brown argued.

Companies should set targets for production design, just as they did for marketing and manufacture, so that the design teams could no longer submit to the temptation of diverting resources to a tempting-looking project along the way.

Lord Brown also urged industry to take more advantage of the various Government schemes which offer financial support for product design, as well as for investment manufacture.

The BIM conference was warned by several speakers against under-estimating the time it takes to achieve the best design for a product. Explaining how his company had managed to design a machine which was both better and 27 per cent. cheaper than its previous model, Mr. R. Shaughnessy, of Platt Saco Lowell, said the precedecessor had been over-engineered.

This, in turn, was partly because it had been designed too quickly: from design concept to complete detail in only 12 months, compared with the four or five years which was often necessary. The entire design process for the new machine had taken seven years.

Itemising how cost savings and better design had been combined, Mr. Shaughnessy cited one sub-assembly after another where the major saving had been on labour rather than material. He thereby implicitly underlined the dilemma of manufacturing industry: that unless a company can generate new markets, better product design means a cut in the labour force, and all the unpleasantness which that involves.

Christopher Lorenz

Lord Wilfred Brown: "British industry is fraught with disaster unless we can wake it up."

Should the Government do more to help?

THE GOVERNMENT has come to appreciate the crucial importance of product design and innovation, but is it doing enough to support industry's efforts, and make design more financially attractive?

Several suggestions for improvement were given to the BIM conference by one of the Design Council's top officials, Mr. Geoffrey Constable.

Most obviously in the Government's court was his question of whether Whitehall was doing enough to reduce the risks involved in new product design by offering grants of only 25 per cent. under the new Product and Process Development Scheme.

With many companies preferring to invest in more efficient manufacturing processes, or the adaptation of existing products, rather than plunge into the design of new ones, Mr. Constable pointed out that if a new design failed to get off the ground, the company had nothing to show for it other than wasted expenditure. By contrast, the mistaken purchase of, say, new machine tools could be offset by their sale *to another company*.

"This is a point the Department of Industry might like to bear in mind," Mr. Constable suggested.

Confining its direct response to a vague "the scheme is always under review," the Department this week revealed that in the scheme's first nine months there were 170 formal applications — a response it deemed "encouraging" for £12m. of government money. Applications had accelerated towards the end of the period; only 27 had received funding so far, but the others were being "actively considered."

Bellwether

The Department also reported that there had been more applications for the development of products than processes. At this stage it was unable to break the applications down between new products and the development of existing ones — a distinction which observers will see as an important bellwether of the scheme's success in promoting new product design.

The Department's comment that it will, under certain circumstances, provide up to half *the cost of projects, does not* fully answer Mr. Constable's point, since in these cases it requires a levy on commercial sales. In other words, while shouldering a greater share of the risk, it also demands some return.

Another debatable aspect of the scheme is whether it really is prompting companies to pursue projects they would otherwise have regarded as being too risky. In common with other types of industry aid scheme, one of the criteria is that selected projects would not have gone ahead "within a reasonable timescale" without this assistance.

But this is always extremely hard to prove. Whatever they may say to the Government, many industrialists claim in private that they would never allow the availability of government assistance to be the deciding factor in going ahead with a project.

One of his other suggestions to the conference was that the sector working parties of the National Economic Development Council should formulate and make known their industries' requirements for design engineers.

Many engineering companies report a dearth of suitably qualified recruits, but they seem to give the outside world very little idea of what sort of people they want.

C.L.

LOMBARD

Minority is beautiful

BY JOE ROGALY

BRITAIN has now been blessed with nearly a year and a half of minority Government. It has been a salutary experience. The Labour administration has found that it can no longer bulldoze through Parliament any piece of legislation its more fanatical adherents put forward. Civil servants must accustom themselves to the idea that to draft a regulation, or even an entire Bill, is no longer the same thing as having it rubber-stamped by an obedient Parliament. The Opposition parties are learning that there is after all something to bargain about at Westminster.

This is a far happier state of affairs than the one that is customary in this country. It is usually held that "the Government must govern" or that if "A Chancellor cannot get his Budget through unamended the Government ought to resign" or some such nonsense. This belief is so strong that it is shared, privately, by some of the older Labour Ministers; if they were true to their innermost sense of what is proper in the British polity they would have stepped down long ago.

Horse-trading

Yet the belief itself is false. Britain is the only West European country in which it is assumed that it is a disaster when the Executive cannot have its will worked without question by a complaisant legislature. In all the others there must always be some kind of horse-trading.

The need to keep some sort of peace with the Liberal Party has done the Labour Government a power of good over the past year.

The Liberals cannot claim to have forced through much of their own thinking—but the Prime Minister could, if he were candid enough, admit that he has been able to govern in a far more conservative manner than his party would have allowed him to get away with if it had had an overall majority.

Some people may object that some of the results have been bad ones. The Liberals were silly about petrol last year. The Scotland Bill, constructed in order to appease the Nationalists and the shifting alliances in the Commons, is less than perfect. Wrecking amendments to important fiscal legislation are always possible. All this is regrettable; none of it, singly or together, is of greater value than the impossibility of ideological legislation.

But there is more to it than that. The greatest single cause of Britain's political degeneration since the war has been the exaggerated class conflict built into the two-party system with its overall majorities in Parliament. This system gives free rein to the Cabinet and the Civil Service that so strongly influences it. Any return of power or influence to Parliament must moderate the ability of this dangerous mechanism to divide us, or to impose the ideas of tiny minorities upon us.

The happy accident of a hung Parliament has provided a small glimpse of how much better political life could be if Britain could only get its management right, by providing a rational constitutional framework. Some might argue that a Parliament of many parties is already being provided by the existing constitution, so that one has nothing to complain of—but since we all know that this might be a passing moment of relief that argument does not stand up. Anyhow, the people who use that argument are usually the ones who insist that only "strong government"—i.e. a Parliament totally dominated by the Executive—will do.

Others may object, and say, "but how terrible—the Ulster unionists, or Mr. Enoch Powell, can hold the Government to ransom over a single night's voting." The answer is that everywhere else this is the normal stuff of politics. If the politicians have the requisite moral fibre, they can withstand it. For every undesirable proposition from one quarter there is nearly always a better one from somewhere else—and that is surely the way to devise policies that knit a society together rather than tear it apart. If the Welsh Nationalists, or the Liberals, can give strength to their opinions (which at least in the latter case have been accepted by large numbers of voters) by Parliamentary dealing and debate, that must be better than the behind-closed-doors internal bargaining that takes place within the two major parties when either of them is in sole charge.

Education

Thus we should all be grateful for the education this past year or so has given our politicians. If either major party wins an overall majority at the next General Election the darkness will come down again, of course, but perhaps the lesson will not be entirely forgotten. With any luck, people will build on it—think of a Britain in which the Labour Left and the Tory-Liberal or Tory-Thatcher wings were both where they should be: in their own separate parties. Then they would have to confront the voters on their own. *That* would be democracy.

AROUND BRITAIN

DOUGLAS

Back in business

BY ANTHONY MORETON

ON BANK holiday Saturday Summerland will reopen for the season in Douglas on the Isle of Man. Reopen is perhaps not quite the appropriate word since almost five years ago, in August, 1973, Summerland burnt down, causing the deaths of 50 people.

That disaster has been very much in the minds of the Manx people in the intervening period and there was talk of renaming the giant sports and leisure centre which dominates the northern end of Douglas' long, cresent-shaped bay. But while some things have certainly changed compared with the original building, which opened its doors only in 1971, the name has remained.

What has changed between Summerland mark one and two is its whole approach. The original building was essentially a leisure centre, catering for holidaymakers over a fairly short season. The present building is now seen as both sports and leisure centre, with the former open throughout the year.

Trust Houses Forte, which manages the new Summerland, as it did the old, want to see the business spread throughout the year rather than in the 16 or so weeks from the middle of May onwards.

The sports side of Summerland has already opened. Some 1,000 members have enrolled at £5 a head and THF is well on the way towards its first target of a membership roll of 3,000 people. Considering that the population of the island is just 60,000, the Manx people now probably have as good sports facilities as in any comparable sized town in the UK.

Summerland's opening will coincide with the first big peak of the summer season, the TT (Tourist Trophy) fortnight. The Isle of Man is famous for its kippers, cats and motor-bike races and the crowds come in droves for the TT fortnight. A more desperately busy two weeks could not have been chosen and they will test Summerland's facilities to the utmost.

Fire doors

Safety is the key consideration in the new building. Everything has been reviewed in the minutest detail and nothing is believed to have been left to chance. The building has been designed as a series of interlocking units, each with its own fire doors.

There are 365 of these and 17 main exits. The building can hold as many as 4,000 people at a time, all of whom can be evacuated in minutes: there is a 300,000 gallon water tank for the sprinkler system (its ballcock is the size of a medicine ball): a fire officer is on duty continuously.

But all this has pushed up the cost to the point where the best hope that the operators have of seeing some return for their outlay is to pray hard for a wet summer. Douglas is not over-endowed with alternative attractions and once the pleasures of the first few days on the beach have worn off, the managers of Summerland hope that holidaymakers will come and have a look at the entertainments being offered.

These are aimed, in traditional seaside fashion, at the children in the morning, older members of the family in the afternoon and parents in the evening. There will be bingo, shows, dances, a cinema, food and drink.

But it is wet weather that will really drive them inside. It used to be said of the old Summerland that when it rained you could see the visitors heading up the promenade towards the building like a Chinese army on the march.

Summerland certainly needs numbers because those spiralling costs have risen to the point where there have been angry mutterings on the island. It was initially estimated that rebuilding would require £1.75m. compared with the £2m. for the original structure. The lower cost was accounted for by the fact that the fire did not completely destroy Summerland and so in some areas only adaptation had to take place.

But it is thought that the cost has now risen to at least £2.5m. and may be approaching £3m. Summerland mark one had two partners, THF and Douglas Corporation, which owned the site. To these two have been added the Manx government for Summerland mark two and operating costs (and profits) are being shared on a 40:40:20 basis among the government, the company and the local authority respectively. The increased costs falling on the island are therefore approaching £1m. and the island does not like it.

Such costs demand a healthy tourist industry to produce a satisfactory return on capital, but it is clear that the Isle of Man is in the doldrums and about to reap the gloomy harvest of inadequate spending over the years (only one hotel, for instance, has been built this century).

Last year was the worst for tourism since the early 1960s, the 552,000 visitors representing a drop of almost 13 per cent. in four years. In real terms, tourism now generates about the same income as it did a decade earlier.

All this is disappointing news as much for the landladies and hotel keepers as it is for Summerland. The names of the hotels, in Douglas, anyway, provide their own description of the buildings: there is Chequers, Wentworth and Melrose; the Wellington, Metropole, Piccadilly and Gloucester jostle with the Edinburgh, the Regal and the Empress.

No wonder Sir John Betjeman adores them. He would be appalled at Summerland, where concrete and architectural brutalism dominate gentle Victorian hotels redolent of an earlier age in the same way as the National Theatre dominates its stretch of London's south bank.

It is as if 1984 were superimposed on 1894.

Summerland—tragically burnt down in 1973—has been rebuilt. It reopens on Bank Holiday Saturday.

Lingfield going may suit Suni

RACING

BY DOMINIC WIGAN

LITTLE light has yet been shed on the Epsom Oaks picture, and it will be interesting to see if to-day's nine-runner Lingfield Oaks trial can throw up a likely candidate for the second fillies' classic in just under a month's time.

The field includes six previous winners, including candidates from both Captain Ryan Price's Findon establishment and from the Seven Barrows stable of Peter Walwyn, which yesterday had a change of fortune at Chester, where Crow came good in the Ormonde Stakes.

Captain Price's Sir Ivor chestnut, Kate Hodder, could be a little out of her depth in this afternoon's company: but I expect a bold bid from Walwyn's Suni. This bay half-sister by Crepello to Honorius has shown smart form in both her races this term, and she will be ideally suited by this stiff 1½ miles on ground which may be on the soft side of good.

Suni is suggested as the probable winner, though I would not try to dissuade anyone from taking an each-way interest in the Paul Kelleway-trained Hutton Girl, who has been running well without meeting with much luck.

Half-an-hour after the Oaks trial it will be intriguing to see if that still improving five-year-old, Little Nugget, can make it four straight victories in the Jinevra handicap, named after Price's 1972 Oaks heroine.

Sir Mark Prescott's Newmarket runner looks sure to go close, despite the formidable steadier of 9st 11lbs; but I doubt his quite proving up to conceding 16lbs to Eric Stuart, a winner at Folkestone, Yarmouth and Wolverhampton last summer.

Leonardo de Vinci continues to be all the rage for the Derby—presumably in anticipation of a clear-cut Dante-Stakes triumph at York—and he is now down to 5 to 2 in most lists.

LINGFIELD

2.00—Lady Whitefoot
2.30—Years Ahead
3.00—Hillbrow**
3.30—Suni***
4.00—Eric Stuart
4.30—Ballo

Roman baths excavated

EXCAVATION by Department of the Environment archaeologists in the last undisturbed area within the walled Roman and mediaeval town of Dorchester, Dorset, has uncovered a community bath house.

The remains of sauna and Turkish baths, both hot dry and hot wet, lie within the grounds of Wollaston House, Ackland Road. The Roman bath house has been dated at 100-300 AD.

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40-7.55 a.m. Open University. 9.38 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 How Do You Do? 2.05 For Schools, Colleges. 3.20 Ar Glawr. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Scooby Doo. 4.40 Potter's Picture Palace. 5.05 Horses Galore. 5.35 Magic Roundabout.

5.35 Magic Roundabout.
5.40 News (London and South-East only).
5.55 Nationwide.
6.20 Nationwide
6.50 Sportswide.
7.05 Bugs Bunny.
7.10 The Wonderful World of Disney.
8.00 It's a Knockout.
9.00 News.
9.25 Petrocelli.
10.15 Tonight (London & South-East).
10.45 Regional News.
†10.46 The Late Film: "Mr. Denning Drives North," starring John Mills.

All Regions as BBC1 except at the following times:

Wales—1.45-2.00 p.m. Bys a Bawd. 5.55-6.20 Wales Today. 7.05 Heddiw. 7.30-8.00 Glas y Dorlan. 10.15 Kane on Friday. 10.45-10.46 News for Wales.

Scotland—5.55-6.15 p.m. Reporting Scotland. 6.15 Conference Report. 6.25 Join BBC-1 London for Nationwide. 10.15 The Beechgrove Garden. 10.45-10.46 News for Scotland.

...

p.m. Daisy, Daisy. 12.20 Andy's Party. 1.00 News plus FT Index. 1.20 Help!. 1.30 Beryl's Lot. 2.00 Money-Go-Round. 2.25 Racing from Lingfield. 4.15 Four Idle Hands. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Winner Takes All.
7.30 The Many Wives of Patrick.

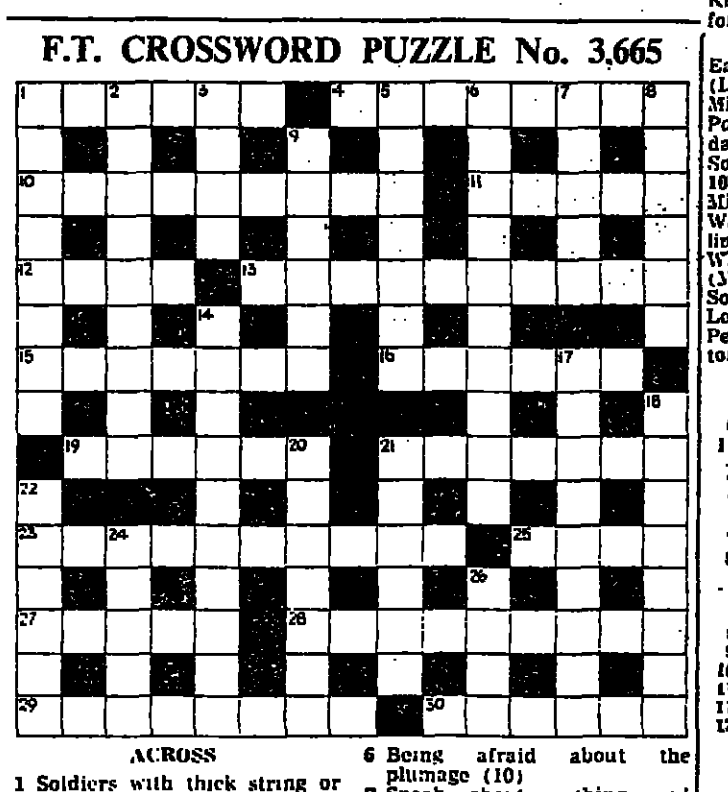
...

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 1.30 Ten Years On—In The West Country. 2.00 Women Only. 5.15 The Undersea Adventures Of Captain Nemo. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 8.00 Rafferty. 10.35 David Niven's World. †11.05 The Late Film: "Corridors of Blood."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 1.30-2.00 Ten Years On—In Wales. 4.15-4.45 Camau Camamil. ...

F.T. CROSSWORD PUZZLE No. 3,665



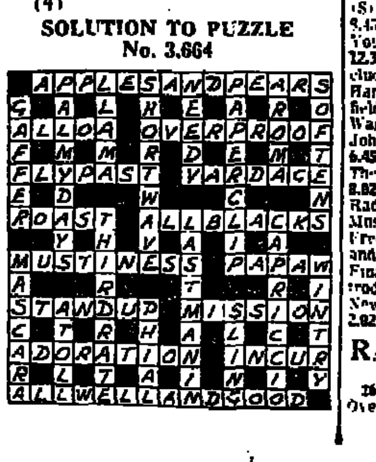
ACROSS

1 Soldiers with thick string or tape (6)
4 Hide nothing from childish endearment (4-4)
10 Arab's weed could be a lucky charm (9)
11 Sailor has a foot at the back of the ship (5)
12 Airman going to the north-east could be rash (4)
13 Electricians maintain it and change clothes (6-4)
15 Aid a new shoot it's said (7)
16 Dim vessel in study (6)
19 Argue about mammal in river (6)
21 Demand for payment has gone astray, so prison is the answer (7)
23 Consenting by letter (10)
25 Spadeful from southern mine (4)
27 Bird that may steal in (5)
28 Yes, one may change cash obtained without difficulty (4, 5)
29 The sound of money in Scotland (8)
30 Looked in leading edition (6)

DOWN

1 Practice for soldiers on late transport (8)
2 History that is deplorable to the French (9)
3 Animal coming up in a rush (4)
5 Warned it may be altered (7)
6 Being afraid about the plumage (10)
7 Speak about nothing and reprove (5)
8 Complete hybrid in tree (6)
9 Exhibitor in the rain (6)
14 To turn up in rational surroundings and in recurrent order (10)
17 Early morning drink that could be a surprise (3-6)
18 One French remained without support (8)
20 Oriental feast on the first of November (7)
21 Undress and plunge on the way (6)
22 Abstains from using replacement parts (6)
24 Doctor is not quite a novice (5)
26 Time to get up and send out (4)

SOLUTION TO PUZZLE No. 3,664



ENTERTAINMENT GUIDE

THEATRES

CINEMAS

Cinema

Back to Marienbad

by NIGEL ANDREWS

Providence (X) Academy 2
Heroes (AA) Plaza 2
Here Beneath the North Star and Akseli and Elina ICA
Archive Nights National Film Theatre

John Gielgud as a dying, incontinent novelist: Dirk Bogarde as a prim, sarcastic barrister: Ellen Burstyn as Bogarde's wife, seeking extramarital warmth in the arms of astrophysicist David Warner (first seen in army uniform shooting a werewolf in a forest): and Elaine Stritch doubling as Bogarde's aging, dyed-blonde mistress and as flashback visions of Gielgud's dead wife. *Providence* has taken almost two years to reach a London cinema, and the *dramatis personae* described above may give you a clue as to why. Directed by Alain Resnais and written by David Mercer, it is a work of bizarre and often intractable complexity, a Freudian hall-of-mirrors where nothing and nobody are quite what they seem, and where even what they seem hardly remains constant for more than two scenes in succession.

But be not deterred. The film is as witty and fascinating as any to have reached London this year, and it more than repays the mental exercise required. Those who have seen Mercer's plays on British television—those passionate and caustic territorial battles fought by human beings doomed to the miserable intimacy of an unhappy marriage or love affair or family life—will know roughly what to expect when Mercer's scimitar dialogue meets the baroque flourishes and elegant mystifications of Resnais.

"Providence" is the name of the huge, gloomy villa occupied by the dying Gielgud, and it looks like the dark side of that hotel in Marienbad where, fifteen years ago, Resnais choreographed an equally macabre and ornate dance of memory.

Resnais is still the offscreen choreographer in collaboration with Mercer, but the film has an on-screen choreographer as well. The characters and their actions are all shaped by Gielgud as the cancerous writer. His voice-off narration, foul-mouthed, tetchily humorous, and sometimes accompanied by bed-ridden glimpses of the speaker himself, guides the principal cast of four through their strange character transformations. The film's world is the world of dreams and the subconscious, and those who enter it must abandon hopes of logic or realism. Events are filtered through Gielgud's mind as he composes an imaginary novel from the doings of his own family.

All the characters go through changes. David Warner, for example, begins as a docile young hippy in a court-room, being witheringly cross-examined by Bogarde for the mercy-killing of an old man who believed himself to be turning into a werewolf. Then it is gradually revealed, after some later adulterous skirmishings between the now-acquitted Warner and Bogarde's own wife (Miss Burstyn), that he is Bogarde's illegitimate half-brother — and that both are the sons of Gielgud.

Book reviews appear on Page 16

The story's wheels within wheels continue to spin at dizzying speed, and the filmgoer tries at his peril to slow them down for inspection. He can only interpose, where he dares, a conjecture as to what the images and symbols mean. Is the wolf-like old man an image of Gielgud himself, decaying into animality? Is Warner's mercy-killing a projection of Gielgud's own death wish? And is Gielgud's (or Mercer's) moral world-view written into the opposition between Warner's Bohemian amoralist and Bogarde's cold, serpentine layer-down-of-the-law?

Whenever the film looks like losing itself Marienbad-style in its own labyrinth of meaning, it is rescued by the sheer wit and bravado of Mercer's dialogue, and by acting that is a joy throughout. Gielgud's expletive-filled narration has a hilarity all the more piquant for coming from the mouth of our foremost Shakespearian (he even gives a Bardic cadence to his cries of medical self-pity; "Now let science soothe the troubled rectum," he declaims as he inserts a suppository). And Bogarde's barrister, limp-wristed and reptilian, is the most venomously witty performance this ever-improving actor has given.

The film is about a world shaped by one man's dying vision: a world sometimes tinged with regret, sometimes corroded with abuse and (self-) hatred, sometimes illuminated with the quirky, muddled humour of a decaying memory. The action has no identifiable setting—its locations are variously culled from France, Britain and America—and many exterior scenes are played against painted backdrops. Somewhere at the heart of this allegorical maze, there are messages to be read about family life and family relationships—how the intimacy of love, or hatred, distorts our mental pictures of those closest to us—but it would take more than one viewing to read all of them. The best compliment one can pay this film is that it leaves one impatient for that second visit. The film's mysteries entice rather than deter the curiosity.

* * *

Heroes is the first post-Vietnam comedy: a film determinedly, even relentlessly, bent on absorbing the trauma of Vietnam into the all-American cheerfulness of the "road movie." The comedy has tragic edges, to be sure, in its portrait of a Vietnam veteran (Henry Winkler) whose mind teeters precariously on the brink of insanity. But the tragedy is confined to the beginning and end of the film—which starts with Winkler's hysterical invasion of an army recruitment office, and ends with his grief at the discovery that an old comrade whom he had crossed America to find had died four years before in action—and the rest is kept clear for kooky road-movie humour à la *Scarecrow* or *Rafferty and the Gold Dust Twins*.

Having escaped from an Army Veteran's Hospital and boarded his transcontinental bus, our hero meets fugitive bride-to-be Sally Field, fleeing from an impending wedding in New York with a man she isn't sure she loves. So these two orphans of society are closeted together for 90-odd minutes of fun and games in roadside bars and tumble-down hotels. The film does not so much fall apart as fail to cohere right from the beginning. Winkler, trailing clouds of small-screen glory from his American TV role as The Fonz, is a vital, nervy actor—a Skid Row version of John Travolta—but he cannot put flesh and blood on a part that is bardly even skeletal to begin with. And Sally Field, a pert, tubby-faced actress full of comic charm, is likewise powerless to redeem a role (the kooky runaway) that she has already played once in the movies (in *Smokey and the Bandit*) and earned the right, one would have thought, to move on.

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Duty compels me to inform you that the ICA is showing from next Tuesday two Finnish films called *Here Beneath The North Star* and *Akseli and Elina*. They are edited from a multi-part TV series and form a continuous story of peasant life in the early decades of this century.

Unfortunately duty was not enough to compel me to sit through them. The ICA programming policy is so mystifying at present that one doesn't know whether silence or comment is the kindest response. To what audience this frankly appalling soap opera about the growth of socialism in an early 20th century Finnish agricultural community — *Cold Comfort Farm* crossed with *1900* — is supposed to appeal I dare not venture to guess. Grizzled peasants come and go in bilious Eastmancolor, enacting an every-day story of country life (trimmed with socialist flag-waving) whose bucolic banality would shame *The Archers*. Since I fled after the first hour, I beg you to feel at liberty not to take my word for the film's quality if you feel the urge to go. But don't say I didn't warn you.

A brief word of recommendation for the National Film Theatre's Archive Night programmes for May and June. Once a week, on Fridays, the NFT will be screening rare prints of venerable collector's movies from the film archives of the world. The selection includes such quirky gems as a Swedish film version of Strindberg's *Dance of Death* starring Erich von Stroheim, the first feature film ever made by Hollywood veteran-to-be Raoul Walsh (*Regeneration* 1916) a German anti-Nazi film made in 1936 (Gustav von Wangenheim's *Kampfer*) and a refurbished print of Marcel L'Herbier's legendary Zola adaptation *L'Argent*. There is not a dull film in the season, so I urge you to keep your Friday evenings free.

Sir John Gielgud and Dirk Bogarde

Bohm cancels London date

Karl Böhm has had to cancel his Festival Hall concert with the Philharmonia Orchestra on Tuesday because the date coincides with an eye operation he is having in Switzerland.

Instead, the orchestra will present the first London concert appearance for more than ten years of Jon Vickers, who will sing Florestan's aria from the dungeon scene of *Fidelio* and several excerpts from the first act of *Die Walküre*.

The concert will open with the *Fidelio* overture, and in the second half, Andrew Davis conducts Strauss's *Ein Heldenleben*.

Mike Westbrook Brass Band in England and France

The Mike Westbrook Brass Band has a full programme in May. On Saturday and Sunday next it appears at Dudley Spring Festival in the West Midlands.

On Monday May 15 the band leaves for a 10-date tour of France with The Orckestra returning to England for Whitsun week-end, for appearances at the Serpentine Gallery, Kensington Gardens each afternoon of May 27, 28 and 29, starting at 3.30 p.m.

Savoy

Alice's Boys by B. A. YOUNG

Felicity Browne and Jonathan Hales must have been going in for some shrewd analysis of the box-office figures at London's theatres, for *Alice's Boys* is constructed firmly on the Agatha Christie principle. The suspects, in a closed environment, are four members of a spy-ring (if I may use such a term of our own M16), and the victim is a fifth member, found dead under a bed in circumstances that would have aroused more surprise if they had been in any way different.

The writing is better than Miss Christie or the adapters who shelter under her name habitually achieve, and the authors have had a trip on two band-wagons at once by combining a whodunit with a spy story. The production is really far better than the play deserves, but by mating a taut suspense tale with what can only be called all-star casting a wholly pleasant and wholly unimportant evening is achieved.

It would be wrong to retail any details of the story, but the cast is certainly mouth-watering. Alice is a man: it is a code-name for the head of the spy "family," and it is no less than Ralph Richardson, cool in deportment, telegraphic in speech, commanding in mien, his only weakness a habit of taking his petit point on duty with him in his brief-case. His five boys are Henry (whom we only see dead), Bertie, Dan, Sally and Toby.

If I were M, or C, or even Colonel B, I should have ruled that to have four such people living in a flat together would have attracted too much undesirable attention, for they are a rum lot as spies go.

Bertie, played by Michael Gambon, is a coldblooded killer who hides his talent under what Mr. Pym calls a *faux bonhomme* personality evinced in his drinking and constant singing of Irish songs. Dan (Michael Jayston) is withdrawn and calculating where Bertie wears a Chinese dressing-gown with dragons; Dan wears a monkish habit. The third man is Toby (Gary Bond), a lady's man and gambler, who is having a fling with Sally (Joanna van Gyseghem), their female colleague.

Who, you will ask, is Mr. Pym? Mr. Pym comes from MI5, who, it appears, is in constant rivalry with MI6, and he is investigating Henry's death because Henry has actually been a double agent, a double agent of an unusual kind, working both for MI5 and MI6. Mr. Pym is played so well by Geoffrey Keen that it seems a shame that television should have kept this actor off the stage so much. The contrast between the MI6 colonel and the MI5 policeman (if that is what he is) in their different attitudes to discipline is an enjoyable study.

I cannot say that the unravelling of the knot is done with any special skill; indeed I was only modestly convinced by the conclusion. But the production is a little jewel of its kind under Lindsay Anderson's direction, and the lack of intellectual pabulum should not deter anyone who just needs a jolly good evening out.

Ralph Richardson (foreground) with Geoffrey Keen, Michael Jayston, Joanna van Gyseghem, Michael Gambon and Gary Bond

English Bach Festival

Vivaldi

Vivaldi is 300 years old this year—a fact unlikely to escape the organisers of the English Bach Festival. On Wednesday they provided a programme mainly devoted to his vocal music. Last night they offered, again in the same Elizabeth Hall, a concert performance under John Eliot Gardiner of the opera *La Griselda*. Wednesday's tribute was prefaced (as the opera will be) by a Purcell Room lecture from the Danish Vivaldi expert Peter Ryom, the "R" of the "RV" initials of the up-to-date Vivaldi numbering, likely to become as familiar to concert-goers as the "K" of Köchel's Mozart catalogue.

Praise to the EBF for not taking the easy way out and merely handing out platefulls of Vivaldi's concertos (though this programme began with "Spring" from *The Seasons* with John Holloway as soloist). In his talk, Mr. Ryom made high claims for the vocal music, not entirely borne out by the two works we subsequently heard, though they had qualities which made one wonder why that part of his output hasn't been more thoroughly explored. What promised to be the more interesting of the two was a *Gloria*, RV 588—not the familiar one in D (589) but another in the same key, with an identical "Cum Sancto Spiritu" chorus at the end which apparently is not by Vivaldi but G. M. Ruggieri.

As it turned out, the other work, a *Nisi Dominus* (RV 588) for contralto and strings, made the deeper impression for the art with which Vivaldi parcels everything out into precisely contrasted sections, varying speed, rhythm and instrumental colour so that the most chattersome Venetian gossip or English Grand Tourist must keep on listening. The work is worth hearing for one movement alone, the "Cum dederit" in Siciliana rhythm in which the soloist, Helen Watts, was especially satisfying. In attendance on Miss Watts were the EBF Baroque Orchestra conducted by Michel Corboz—the viola d'amore obbligato in the "Gloria" did not strike a very powerful blow for authenticity.

The "new" *Gloria* made a scrappy effect by comparison, though the same brightly packaged virtues were present in lesser degree—I couldn't get out of my head a sentence in Michael Talbot's article on "Vivaldi's Venice" in the April *Musical Times* about the "visitors in huge numbers, who . . . frequently departed with a memento, perhaps a painting or a musical score.

RONALD CRICHTON

Wigmore Hall

Lontano Ensemble

by MAX LOPPERT

The Macnaghten Concerts have been revived, and, in a series of six concerts dotted across the year, are building interesting programmes in which lesser-known composers from Eastern Europe are introduced to London alongside British works. Wednesday's was an Anglo-Romanian evening, given by the Lontano Ensemble.

It was a little unfortunate that in the event the three Romanian offerings should have been pieces of workmanlike but singularly of mild and undistinctive character, and that three particularly individual British works, each quite distinct, each quite special, should already have worked a near obliteration of the Romanian guests from the memory. Anatole Vieru, about whom the programme was discourteously uninformative, revealed the most attractive cast of imagination. In *Mosaiques* for three percussionists. From a wide range of shining surfaces, single notes are gently drawn out and exchanged between the players, sometimes with vocal accompaniment; a *fortissimo* storm blows up briefly in the middle. The effect is predictable but kindly, pleasantly lulling.

For five players with access to more than one instrument, *Jocus secundus* (1969) by Myriam Marbe (b. 1931) is an assemblage of sixties' modes of expression—controlled improvisation, tape-accompaniment, vocal intrusions, noises off and so on—that in this context seem to have worn rather thin. A short Sonatina for harp by Sergiu Natra (b. 1924) at least carried its second-hand clothes, in this case its Ravellian and Debussyan hand-me-downs, with a certain becoming modesty.

The result of all this forgettability was to throw the subtlety and atmospheric many-sidedness of Elisabeth Lutyens' masterly Quasimodo cycle, *and suddenly it's evening*, into relief even stronger than usual. This was despite a spirited but rough reading under John Carewe, with coarse edges to the brass, soft playing either bumpy or characterless, and singing by Gerald English that was vinegar when what was required was potent red wine. Dominic Muldowney's *Entr'acte* (receiving its London premiere) sounded so fresh and delightful, in its amalgam of humorous surrealist gesture and delectable Satie-like scoring, that the charm must surely be intrinsic, not just comparative. The concert ended with Gerhard's brilliant whirlwind, *Leo*.

Carnegie Hall, New York

Horowitz Jubilee by DOMINIC GILL

Last Sunday, at his usual bull-fight hour of four o'clock in the afternoon, Vladimir Horowitz gave a piano recital in Carnegie Hall. It was a Golden Jubilee occasion—half a century, almost to the month, since his legendary New York debut on the same platform. The hall, predictably, had been sold out weeks before; but on this particular afternoon, passers-by in 57th Street might have noticed an unusual difference. No posters on the building announced the event; no touts, offering $25 tickets for up to $200, milled on the sidewalk outside. There were differences, too, inside the hall: the usual announcement forbidding the use of cameras and tape recorders was made by loudspeaker in seven languages; a babel of voices, speaking a still greater number of different tongues filled the foyer. This was an "International Recital," for which not one seat had been offered for sale in the U.S. Its audience had arrived from everywhere but America: from Europe, from the Middle and Far East, from Australia, from Canada, and (the largest national contingent) by specially chartered Jumbo from Japan.

A gimmick — perhaps: but a gimmick with a point. Horowitz is 73. He made his last appearance in Europe nearly 27 years ago and last autumn announced that he would never leave America again. His appearances even there are rare, and always heavily over-subscribed: after a concert with the New York Philharmonic last January, more than 20,000 cheques had to be mailed back to disappointed applicants. This (to New Yorkers) almost secret appearance offered admirers from abroad one chance, probably their last, to hear Horowitz playing live on stage.

For many it will also have been, as it was for me, our only and first chance. I grew up with Horowitz on record: as a child

Horowitz.

in the 1940s with his pre-war 78s, and in the early 1950s with his new electrified, and electrifying, performances of Liszt and Chopin, and of concertos with Reiner and Toscanini. I mourned his 12-year silence from 1953 to 1965; and rejoiced in his return, and in the spectacular flood of new recordings which accompanied it. For 30 years he has been a familiar, magical figure: intimately known, but distantly perceived—admired and loved, but only by the intervention of needles and magnets, and through the hiss and crackle of static.

It was the strangest experience to hear Horowitz play, and not to have to turn him over. Stranger still, and more thrilling, to hear without any medium between us except the air that unmistakable sound: the explosive bass, the clang of super-brittle hammers, the featherlight, crystalline treble, the close, brilliant focus. Exciting above all to discover (had one really wondered?) that the playing is no figment of the record-engineer's imagination, the character and colour no electronic fantasy. On record Horowitz may sound larger than life; but in live performance he sounds larger still.

It is indeed, but by its very immediacy magnified, the sound of the mature Horowitz that we have come to know on record, and twice on television, during the past decade: no less exciting than in the early years, and given with no less electric charge — but closer, warmer, more reflective, a degree or two less manic, each musical canvas more subtly coloured, its inner movement investigated in marvelous depth. For Carnegie Hall he chose an all-Chopin progamme. It was reassuring to hear him begin nervously, testing the air: his *Barcarolle* was beautiful, but it had a tentative quality; the notes were sure, but the projection was nervous—as if in such a breathless atmosphere of expectation only Horowitz himself remained unconvinced.

But with three Mazurkas, given without a pause as a single soquence, the group, and the close, magical focus, were established: an extraordinary elegy of inward musing, framed by the huge dynamic range that has always been a mark of the playing and is to-day ever more pronounced—from vivid, brassy fortissimo to a half-voice quadruple-pianissimo at the very edge of audibility but of bell-like clarity and wonderful carrying power. The climax of the first half was the B flat minor sonata: the first movement broad and firm, unexpectedly contained; the *piu lento* section of the scherzo the purest Horowitz alchemy — like the second subject of the funeral march, spun out, all time suspended, in other-worldly ethereal thread. The finale was dashed off without wildness: sombre in its precision, all passion contained, like a fast, dark wind.

The three works of his second half were all of them drawn together—not obviously or explicitly, but as it were by implication, in matters of phrasing and delicate shading and nuance—by the same dark current of restraint, almost of austerity. The close focus of the Polonaise-Fantasie was unrelenting: every strand drawn with marvellous clarity, every glance and half-light of the music ruthlessly exposed. The early E minor Nocturne (op. posth.) made a brief, bittersweet link with the G minor Ballade, once more *echt*-Horowitz, grandly lyrical, shot into orbit with an irresistible surge of voltage in the final pages. There were three encores: the famous account of Schumann's *Traumerei* from *Kinderscenen*, which some find too elaborately mannered, but which I have always found, and did again here, deeply touching in its delicacy and concentration; an exhilarating shower of sparks from Moskowski's *Etincelles*; and apt conclusion, a whirlwind A flat Polonaise, bright, brash and stormy, no punches pulled.

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Righting the balance

THERE IS an opinion, widespread in commerce, industry and the professions as well as the entertainment world, that the balance between direct and indirect taxation in this country is dangerously wrong. We share this opinion, and believed that the Budget presented an opportunity to begin putting things right. Not only does the present structure of progressive personal taxation weigh too heavily on all earned incomes, especially at the lower and upper ends of the taxable range, but the effect of inflation has been to make the weight intolerable. At the upper end, which is the more important for achieving the more efficient economic performance from which all can benefit, present tax rates undoubtedly inhibit both risk-taking and additional effort.

Some Ministers, at least, share this opinion. Mr. Harold Lever, for example, whose efforts to improve the position of small businesses have received enthusiastic support from the Government, remarked only a fortnight ago that a correction in the higher rates of direct tax was overdue and that he expected one to take place. It is perhaps too much to hope that his senior colleagues, with an election on the way, talks about further pay restraint imminent, and the Labour Party itself as fissile as usual, should take so open a stand on the sensitive political issue but they may not be altogether out of sympathy with it.

Opportunity

The combined forces of the opposition parties, at any rate, have now succeeded in defeating the Government and bringing about two useful changes in the structure of direct taxation—a small cut in the standard rate and a rise (how far intended or not is unclear) in the various points at which the higher rates of tax become payable. The Chancellor neglected the opportunity to take similar action himself: his professed anxiety to encourage initiative and efficiency can scarcely remain credible if he now seeks simply to undo what has been done for him by others. It is true that Mr. Denzil Davies, a junior Treasury Minister, reacted to Wednesday's successful amendment in purely political terms, accusing the Tories of class bias and wrecking tactics. He also suggested that the amendment would benefit professional people and small traders as well as those employed in industry, as if this were something undesirable—the kind of attitude that is perhaps inevitable in an electioneering atmosphere but which makes no economic sense whatsoever.

The Chancellor, it is to be hoped, will behave more sensibly and more responsibly. Before the Government's first defeat, he suggested that cuts in direct tax would have to be offset by increases, for example, in employers' insurance contributions, or corporation tax, or stamp duty on larger transactions. One would like to suppose that this was no more than a petulant retreat. A rise in company costs, a reduction in company net profits, or the distortion of the housing market have not, until now, been declared aims of official policy.

The offset

Certainly Mr. Healey will have to take offsetting action of some kind. He seemed on Tuesday to be suggesting that he might wait until it was clear that the public sector borrowing requirement was going to be higher than the figure mentioned in the Budget speech—which could not be the case for several months to come. That will not do. The financial markets have been so disturbed by the size of the original PSBR, the hints (soon withdrawn) of further tax cuts and the growth—now apparently even faster than supposed—of the money supply that interest rates will rise higher still if no action is taken. Uncertainty about interest rates does not help capital investment: high interest rates add still further to the PSBR.

The obvious course, therefore, is to accept the shift in balance between direct and indirect tax of which the opposition amendments are the first half. The second half should be a rise in indirect taxation. The taxes to increase are those which are not at present levied on a percentage basis and the revenue from which has been reduced by inflation—those on petrol (the economic case for an increase here is overwhelming), on drink and tobacco. Mr. Denzil Davies can always be brought in, if this seems necessary, to put the blame on the wicked Tories.

The many roles of BNOC

ONCE THE decision to set up the British National Oil Corporation had been taken, it was clear that it would play a large and growing part in North Sea development; the important thing, for the Government and the taxpayer, was that its activities should not discourage investment by the private oil companies, whether British- or foreign-owned. Some tension is inevitable, especially when the BNOC has a chairman as forceful and outspoken as Lord Kearton. The companies want a favourable tax regime and as much freedom as possible to manage their own operations; the recent description of the BNOC as an albatross round their necks no doubt reflects a general mood. There are, however, more serious grounds for concern in recent decisions by the Department of Energy, which appear to extend the BNOC's role well beyond what is necessary to secure national objectives.

British control

The Government's proposed conditions for the sixth round of licences, which were published this week, are designed according to the Secretary for Energy, Mr. Anthony Wedgwood Benn, "to strengthen British control over our own offshore oil resources." Not only will the State, through BNOC or British Gas Corporation, again have a 51 per cent. stake in all blocks, but the oil companies are being asked to pay for part of BNOC's exploration and appraisal costs. In a variety of ways the involvement of BNOC is being expanded. Given that North Sea exploration is now moving into more difficult areas, it is possible that these more onerous conditions will discourage some companies from bidding in the sixth round.

Lord Kearton has suggested that now that the bonanza period in the North Sea was nearing its end U.S. oil companies might tend to switch their attentions elsewhere: there might be pressure on them from their own Government to put more effort into U.S. offshore areas. Whether this prediction is right or wrong, it makes no sense for the British Government to encourage their departure. Equally, the Government must keep in mind the need to stimulate the smaller British independent companies, which are capable of making a significant contribution in the North Sea; these are the ones most likely to be hit if excessively restrictive conditions are imposed in the sixth round.

A more fundamental question concerns the combination of BNOC's roles as referee and player in the North Sea. On the one hand it is in direct competition with the oil companies: its trading activities are growing and there is at least the possibility that it could move downstream into oil refining or even petrochemicals. On the other, it has a regulatory role, monitoring the performance of the industry and advising the Government on policy decisions. There are fears that information obtained from its regulatory function could be used to its advantage as a commercial enterprise.

It is true that there are some advantages in the Government, through BNOC, having practical experience of North Sea operations: on certain issues, such as the principle that two-thirds of North Sea oil should be refined in the U.K., the BNOC has persuaded the Government to be more flexible. Yet the more aggressive and ambitious BNOC becomes in its commercial activities, the more obvious is the conflict of interest.

Choice

Perhaps the time has come for the Government to choose which of two directions BNOC should follow. Should it concentrate on the job of regulatory agency and give up its ambitions to become a fully-fledged oil company? Or should it hive off its regulatory functions to the Department of Energy and carve out its own position in the oil business, but without the privileges which it now enjoys? Without some clarification of BNOC's objectives, the conflicts between its many roles are likely to become more acute.

POLITICS TO-DAY

The Tories find something to shout about

BY MALCOLM RUTHERFORD

WITHOUT THE slightest shadow of doubt this has been the Tories' week. After the Government's defeat on the standard rate of income tax on Monday night something like a wave of exhilaration went through the Parliamentary Conservative Party. Not only had the Government lost—that is no longer unusual; it had lost on an issue which did most to emphasise the differences between Tories and Labour.

As Sir Geoffrey Howe, the Shadow Chancellor, said in his speech, a cut in the basic rate of one penny in the pound does not represent anything like what the Conservatives think needs to be done to reform the income tax system of the country: "It is only a token change . . . an indication of the kind of change that is necessary."

There had been some in the Shadow Cabinet who had argued that the Tory amendments to the Finance Bill were a mistake on the grounds that it is impossible to tinker with a "Socialist Budget." But in the end the token gesture paid off. The Tories had re-identified themselves as the party of lower taxation and reduced public expenditure. The party in the country was judged to have been satisfied: the Liberals had been outflanked: and the Government was on the hop.

The Government's attitude was summed up by one Minister who spent most of the week watching the reverses—sometimes thrice-nightly — to the Scotland Bill in the Lords. "We don't like defeats," he said. "They hurt."

And yet, contrary to received opinion, a week is a very short time in politics. It is possible for a political party to be up in the skies one week and down in the dumps the next: the euphoria does not necessarily extend over the succeeding months. Thus even by Wednesday—just before the second round of votes on the Finance Bill amendments—certain questions were being asked about what it all really meant. Certainly nothing appeared to be going according to plan, and indeed there was no plan; except on the Government side to hold out as best it could and, on that of the Opposition, to make the token gesture.

There was no guarantee that the Tory amendment cutting the standard rate would be passed. It went through eventually by a larger majority than anyone could possibly have expected because of the surprise support of the Ulster Unionists. That in itself raised a new, or perhaps rather, reintroduced an old factor in British politics: the Unionists were once again leaning towards the Conservatives, or at least offering their votes to the highest bidder on the Ulster question.

It has been said that that came about because Mr. Enoch Powell and Mr. James Molyneaux, the Party leader, wanted either to support the Government or to abstain, but were outvoted at a party meeting. In fact, such a meeting did not take place, though Mr. Powell may, of course, have sensed the way the wind was blowing and trimmed accordingly. The official version is that he had already decided to advise voting against the Government sometime last week, and told Mr. Molyneaux so last Friday evening. The rest of the consultations then took place by telephone.

Mr. Powell still had about as much difficulty in composing the speech that he delivered in Monday's debate as some people had in following it. At one stage he had informed Mr. Molyneaux that the only way out was to seek refuge in complexity. The point was, however, that he was trying to turn an economic debate into a political one. He was saying that the present Government had not delivered enough on Ulster, and therefore could no longer count on Unionist support.

Unionist demand

The particular issue that he chose to emphasise was local government, and it may be doubtful whether the Conservative Party is any more likely to promise that in the way sought by the Unionists than is Labour. But at least Mr. Powell made it clear that in a hung Parliament the Unionists are prepared to use their muscle. That could be important for the future, though for the moment it may be more significant that Mr. Molyneaux now believes that on any confidence vote connected with the Budget his party would be obliged to vote against the Government—provided that there has been no favourable move by Labour on Ulster in the meantime.

The switch of the Unionists was not the only unusual factor. The ways of Parliament are not devised for Government defeats on the Finance Bill. The Opposition can table amendments opposing Government plans to raise revenue or to change taxation, but it cannot then add amendments which would allow the revenue lost to be recouped in some other way. That is the prerogative of the Government.

The Opposition to-day thus finds itself in an odd position. It has deprived the Government of funds, but it has not deprived it of office. One of the ways in which the Government could deal with the situation is simply to allow public sector borrowing requirement to rise, but the Tories believe that the projected PSBR is already dangerously large and are worried about the effects of any further uncertainty on the markets. In that sense, they are still unsure of the consequences of what they have done.

The view of the Government has also begun to change since Monday. Mr. Denis Healey, the Chancellor of the Exchequer, said then that if the Government were defeated, it would watch the situation closely in the coming months before deciding whether it was necessary to take compensatory action. One possibility was that the borrowing requirement might turn out to have been exaggerated, and there would be no need to do anything.

Mr. Healey was talking mainly about a defeat on the standard rate. The success of the Opposition amendment on Wednesday, however, on the higher rates of tax means that action of some kind is now thought almost unavoidable. The Government will still wait a while, watching the economic indicators and especially the PSBR. But by July—when the Finance Bill will be in its Report Stage—it will go to the House and ask for more revenues. The precise form in which this will be done is still open, but the thinking now is that the Government will be prepared to make it a matter of confidence. The irony is that that will probably not be necessary. There may be some argument about how the revenue should be raised—an increase in VAT, excise duties, the payroll tax or whatever—but it is most unlikely that the Tories would refuse supply completely. They have made their point, which was after all only to show a token of the kind of changes a Tory Government would introduce.

There are other reflections. On the Government side it is admitted that this week's events have made the postponing of a general election beyond October more difficult, though not impossible. On what might be called the economic indicator theory of politics there are also signs that the Government is coming to believe that October might well be the best time—the mortgage rate, for example, has again become a topic of speculation.

There is a growing awareness, too, of the form that the election campaign might take. It will be about the economy, and here not everything favours the Tories. The Government may not like being defeated, but it was defeated this week on issues that it might well defend in the country. A number of opinion polls have suggested that Mr. Healey's Budget was the most popular in recent years, which may of course not be saying much but which could still help the Labour Party. It was presented as a Budget designed to do most to help those with little or modest means. The Government could argue that this strategy has been undermined by a series of Tory amendments.

Labour could point out that the cut imposed by the Opposition in the standard rate of tax does nothing at all for the lowest paid. Moreover it offers only 27p a week to those on average earnings, and even some of that might be taken away if there have to be compensating increases in indirect taxation. The amendment affecting higher rates, by contrast, gives over £450 a year to someone earning £25,000, and indeed if the amendment on the highest rates had gone through, someone on £50,000 a year would have been given well over £5,000.

At the same time, the amendment on higher rates probably does very little either for middle management or for skilled workers. Because of the effect of tax allowances it is estimated that it will be necessary for someone to earn £10,000 a year in order to achieve any benefit. All that is not a bad platform for Labour to fight an election as the party which champions the poor and the less well-off.

The Government no doubt will also use the argument that Labour is the party of fiscal responsibility, the party that knows the problems from experience and can work with the trade unions. If the markets do turn sour in the summer, one can foresee some bitter accusations about who is to blame—the Tories for upsetting the Budget strategy or Labour for a strategy that would not have worked in any case.

Much will depend on whether after the excitements of this week the Tories can keep their nerve. The signs at present are that they are prepared to defend their amendments on the grounds that relief for the higher paid is one of the few ways of restoring incentives to the economy. They remain vulnerable, however, to the charge that they have yet to show precisely what their amendments betoken. The few expenditure cuts suggested by Sir Geoffrey Howe could not easily have been quickly implemented and anyway did not amount to very much in money terms. The detailed Tory expenditure cuts have yet to be agreed. It may also be the case that the Tory "incentive economy" may prove very difficult to operate in a hostile world economic environment. It is possible that the economic indicators which everybody is watching may help the Tories to return to power, but then make it harder for them to put their policies into practice.

Not least, one cannot help noticing that the Tory Party still tends to speak with two voices—Mrs. Thatcher's and that of much of the rest of the Shadow Cabinet. The debate on the Finance Bill this week saw the party united after a period of genuine Shadow Cabinet discussion. But there have been other subjects on which Mrs. Thatcher has spoken in tones, if not in terms, that would not have been used by some of her colleagues. Her remarks on the trade unions in her speech to the Bow Group last Saturday were an example: they may have been taken out of context in the Press, but there are some Conservatives who believe that the best thing now to do about the unions is to keep quiet.

Mrs. Thatcher may be right: the best way to power is through attack and the presentation of a distinct alternative. And, of course, if that is the way she chooses, no one is going to be able to prevent her. This week it seems to have worked. But in general there is still a school of thought that the party should rely less on stridency than on gentle persuasiveness. Perhaps for the time being the Tories can have it both ways, but as the election approaches that will become harder, especially if, as many suggest, it is to have distinctly Presidential overtones.


Freddie Mansfield

This week the Ulster Unionists leaned once again towards the Tories: Mr. James Molyneaux (left) and Mr. Enoch Powell.

MEN AND MATTERS

Trusting to their instincts

For all the agitation in the City over the dominance of the the Stock Exchange by the institutional investor, put 16 of that august species together and what do you get? Sixteen views of the way that prices are going.

The proof is to be found in the release of the results of the first competition for unit trust managers held by Montpelier Financial Services, the investment arm of Julian Gibbs Associates. The results threw up a minor eccentricity, in that the nearest correct answers to three out of the four questions set last November—where would the FT 30-share index be by May 1: which would be the best-performing American unit trust in the six months to that date: which would be the best-performing non-American trust over the same period—came from either Julian Gibbs himself or his fellow director Roddy Agg-Manning (they debarred themselves from the champagne prize).

But the real fascination lies in the range of estimates as to the market's movements. For the FT 30-share index, Gibbs predicted that it would reach 480 by May 1 (in fact we logged it at 469.6). The second prize winner, Stewart Unit Trust Managers, thought it would reach 483; but the third nearest estimate was that of Henderson Administration, who forecast 575.

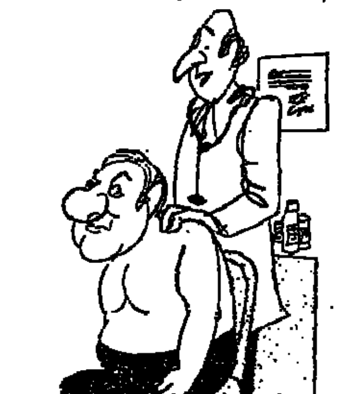
Given such a discrepancy on a short-term view, it comes as no surprise to discover that the variations over the longer term are wider still. For the 12 months to November 1 this year, estimates for the FT 30-share index range from 450 to 670, while those for the Dow Jones ranged from 940 to 1,350. Who ranks as the optimist of the year the organisers are not, for the moment, going to reveal.

Water music

The shipwreck of the supertanker Amoco Cadiz on the French coast in March has produced two records. One is the unparalleled oil spillage of 230,000 tonnes, more than a third of which landed on Breton shores. The other is a 12-track long-player made to support the relief fund for the region.

The record, entitled "Let's Save the Sea," comes in the grimmest of sleeves, decorated with a drawing of a dying seabird dripping blobs of oil. Leading French entertainers have all chosen songs with sea themes for the album. The veteran Charles Trenet makes his gesture for Britanny: so does even more veteran Corsican Tino Rossi. A song called "Monsieur Cousteau" is presented by Gilbert Becaud; Jacques-Yves Cousteau came out in support of France's Ecologist political movement in the recent general election. None of the 12 songs is really new, but Pathe-Marconi-EMI say public response to the record is "remarkable."

Television channels, magazines and newspapers, including all the main Paris dailies and weeklies, are backing the venture with free advertising space. The result has been that in the three weeks since the LP was released it has sold 200,000 copies. Profits so far have given the Breton Relief Fund more than Frs.1m. — £120,000.



"It's fibrositis—you've been shrugging off too many budget defeats!"

Broker's farewell

If Charles Vaughan-Lee does a few after-hours bargains this afternoon — as he is light-heartedly threatening to — it will be a typically fighting finish to his City career. He retires to-day as chairman of J. and A. Scrimgeour, the brokers he joined as a messenger in January 1933. "Jobs were extremely hard to find in those days," he recalls, "so when I was offered one by J. and A. it seemed too good to miss." He was at the time at Christ Church College, Oxford, reading history; although he left before taking a degree, he has the satisfaction of seeing a son there now as a lecturer.

After the last war, in which he was awarded a DSC, Vaughan-Lee became a partner at Scrimgeour. By the late sixties he was senior partner and in 1971 master-minded the firm's leap to becoming a limited company. Vaughan-Lee was made chairman and his first report to the shareholders argued that an organisation which had grown as big as Scrimgeour needed the flexibility to bring in new people on the basis of ability rather than their ability to pay the "entrance fee." Nonetheless, even in 1978, the Scrimgeour family — of Scottish origins — still has members in the company. "I'm a bit of an interloper," jokes Vaughan-Lee, after 45 years with the firm.

I asked him what were the main changes in a stockbroker's life since the early thirties "There's much greater efficiency now in the office arrangements. Then there was still an Edwardian air. We took turns to stay late, writing out tickets."

He mentions another difference: "In those days there were really wealthy private clients, to whom we were sending daily telegrams, even when they were on the grouse moors. Such men might have equities and gilts worth £1m. — which would, I suppose, be about £10m. nowadays. They just don't exist any more."

Domestic news

Down in South Wales, the dispute between Thomson Regional Newspapers (TRN) and its journalists is producing some strange family divisions. Leslie Grist, photographic manager of Cardiff's Western Mail, is struggling inside the building to keep the spaces filled and the presses turning. His son Alan, a reporter, has been a subject of the mass dismissals by TRN, and stands on the picket line outside the door. In Merthyr Tydfil, the dispute is not being allowed to affect marital harmony: Adrian Doolan, production co-ordinator of Thomson's Celtic Press Group, collects his wife Suzanne Barnes from the picket line every day for lunch—after which he returns to his post and she to picketing.

You could never accuse TRN of nepotism: among those sacked is Mostyn Cole, features editor of the South Wales Echo: his brother David is TRN's managing director.

Observer

Why Rolls-Royce is waving the Stars and Stripes

By MICHAEL DONNE, Aerospace Correspondent

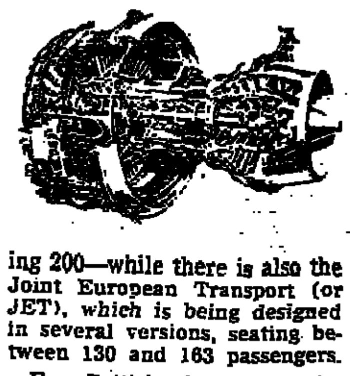
THE TALKS which Mr. Eric Varley, the Secretary for Industry, is holding this week and next with the chiefs of U.S. aircraft companies are intended to help the Government to decide, in effect, the entire commercial future of Rolls-Royce, the State-owned engine manufacturer, and probably also that of British Airways. This is because the airframe decisions involved in enabling Britain to share in the big markets for new airliners that lie ahead in the 1980s will be closely linked with Rolls-Royce's long-term engine development plans, and with the future procurement policies of British Airways.

It is clear, therefore, that Mr. Varley's approach to the talks in London is concerned with a good deal more than the declared aim of enabling him to discover what kinds of collaborative programmes the American companies are prepared to offer British Aerospace.

The world markets for aircraft in the future are estimated to amount to about $74bn. (or nearly £40bn.) covering about 3,000 airliners of all kinds, but with the bulk of the market, worth about $32bn. (over £16bn.) concentrated in the medium range field, and about $15bn. (over £7bn.) in the short-range field.

All the U.S. manufacturers have plans to build various types of new jets to meet these needs. Boeing is offering a new family of jets, the 757 twin-engined 160-seat short-range jet, the bigger 767 200-seater twin-engined aircraft, and the three-engined medium-range 777, also a 200-seater. McDonnell Douglas is considering a short-to-medium range Advanced Technology transport (the ATMR), together with a bigger DC-X-200 that would seat 200. Lockheed has plans for a short-to-medium range version of the Tri-Star, the L1011-400, and a smaller, twin-engined variant, the TwinStar, or Dash 600, seating up to 200. All of these would offer outlets for Rolls-Royce RB-211 engines.

In Western Europe, current plans centre around the continued development of the Airbus Industrie A-300 Airbus—with a smaller B-10 version seat-



ing 200—while there is also the Joint European Transport (or JET), which is being designed in several versions, seating between 130 and 163 passengers.

For British Aerospace, the decision about which way it ought to go in collaborating on a new civil jetliner programme for the 1980s is important, but not so vital as it is for Rolls-Royce and British Airways. This is because British Aerospace is now so broadly based—in military aircraft, guided weapons, space research as well as civil activities—that its non-civil side accounts for probably as much as 60-70 per cent of its total workload. Of the civil programmes, undoubtedly some are running down rapidly, such as Concordes at Filton near Bristol, and Tridents at Hatfield. But there is still a strong work-load for the HS-125 executive jet, the HS-748 feeder-liner, wings for the A-300 Airbus, and to a lesser extent for One-Eleven airliners (although this could improve if current talks with Romania and Japan produce orders).

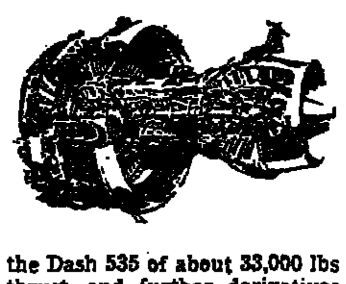
If the Government were soon to authorise the go-ahead for the smaller, HS-146 feeder-liner—as well it might—some of the urgency about the need for a new short-to-medium range jetliner would disappear. The HS-146 would take up much of the slack currently emerging on the civil side. This would leave British Aerospace in a better position to consider more calmly the prospective merits of collaborating with either Western Europe on the B-10 version of the Airbus, and on the JET, or with one or another of the programmes being offered by the American companies.

Contrary to some impressions, British Aerospace remains open-minded about its future collaborative partners: what it wants is the best new civil jetliner programme it can get.

British Aerospace recognises that it must settle the collaboration issue sooner or later. It cannot build a new short-to-medium airliner by itself, but it still wants some share of the big markets in the 1980s. But it does not accept some of the recent suggestions that deadlines on collaborative decisions are drawing closer. It believes that despite those pressures, the U.S. airline scene is less stable than many had thought it might be by now, and that some of the major "launching airlines" for new jets, such as United, American and Delta, may well be inclined to hold back a little longer before committing themselves. If this is so, British Aerospace feels it has got at least another couple of months in which to weigh all the factors in the European versus American debate.

But for Rolls-Royce the situation is different. While the company is a major contributor to the U.K. defence programme—with such engines as the Pegasus for the Harrier, the Adour for the Anglo-French Jaguar and the RB-199 for the Anglo-West German-Italian Panavia Tornado combat aircraft—some 60 per cent. of its 60,000 work-force, or about 36,000, are involved on civil engines. These are primarily the RB-211 in all its variants, the Spey, the Dart, the Olympus for Concorde, the Viper in business jets and other civil power units such as the Tyne, Proteus, Avon and Conway. The company recognises that there will be a continuing high volume of military business in the 1980s (especially if proposed new combat aircraft like the AST-403 Jaguar-Harrier replacement get under way), but it sees the biggest share of its future production being derived from the growing civil markets of the 1980s and beyond.

It plans to supply these markets in three ways. First, by continued development of the existing versions of the RB 211 engine, as used in the Lockheed TriStar (the Dash 22B of about 42,000 lbs thrust), and the Dash 524, of about 50,000 lbs thrust, as used in the Boeing 747 Jumbo jet. Secondly, by pushing on with new versions of the RB-211, and especially



the Dash 535 of about 33,000 lbs thrust, and further derivatives of the 524, up to 55,000 lbs thrust and even beyond. Thirdly, with the possible development, depending upon available resources, of two other new engines—the RB-432 of about 15,000 lbs thrust that would in effect be a replacement for the existing Spey engine, and the RB-401, of about 5,500 lbs thrust, as a new engine for business jets like the HS-125.

Of all these, the RB-211 is by far the most important—especially the 535 and 524 versions. The 535 is regarded by Rolls-Royce as ideal for use in the proposed Boeing 757 short-range transport of about 160 seats, and in the Boeing 777. The Dash 22D version of the RB-211 of about 42,000 lbs thrust would be ideal for the Boeing 767 "big twin," also aimed at short-to-medium ranges. The McDonnell Douglas ATMR and DC-X-200 series, and the projected new versions of the Lockheed TriStar also all specify various versions of the RB-211.

Thus, Rolls-Royce sees a massive market waiting for it in North America—especially for the 535—if it can only exploit the position it has already won there with the RB-211 in the TriStar. But the competition is formidable, not only from General Electric, which is well entrenched with its CF-6 series of big-thrust engines in the DC-10 (as well as the A-300 Airbus), but also from Pratt and Whitney. In addition to its own big-thrust JT9-D series Pratt and Whitney is now also developing a new series of engines, the JT10-D, ranging between 25,000 and 35,000 lbs of thrust, in collaboration with Motoren-und-Turbinen Union of West Germany and Fiat of Italy. (General Electric is also partnering Snecma of France in the new CFM-56 engine, which is designated for the Joint European Transport).

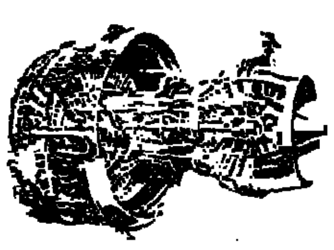
Rolls-Royce has spent about £20m. on the 535 so far, but the big spending of about £250m. has still to come, and depends on government approval and financial support. The company is pressing for this, and is arguing that in the Boeing 757 alone it could expect to sell about 2,000 engines worth over £1bn. by the end of the century. Work on the 535—quite apart from other versions of the RB-211—could add between 12,000 and 14,000 jobs to the company's overall civil commitment, raising the commercial side of its business to some 70 per cent. of the whole.

In support of its arguments, Rolls-Royce can point to the fact that the RB-211 is already making profits, amounting to £34m. for the U.K. Government on the first 555 engines delivered so far, or £54m. before taking account of certain financial contributions which have to be repaid to the Government before calculating net profits. These figures do not include the work now being done on the 524 version, which started much later than the Dash 22 version of the engine, and on which profits have yet to emerge. But big markets are also seen for the 524, as the demand for Tri-Stars and Jumbos using this 50,000 lbs-plus thrust engine expands.

Against this prospect of a massive market for the RB-211 in all its versions in the various U.S. airframes, Rolls-Royce sees a much less attractive situation in Western Europe. While it does not entirely dismiss the possibility of eventually getting the Dash 22 or 524 versions of the RB-211 into the A-300 Airbus, that aircraft is at present being marketed on the basis of using the U.S. General Electric CF-6-50 series and more recently also the Pratt and Whitney JT-9D.

There might also be a market for the 535 in the proposed 200-seat B-10 version of the Airbus, if that aircraft is eventually launched. But Rolls-Royce does not see these as anything more than possibilities at present and certainly far less attractive ones than those beckoning in the U.S.

Similarly, the proposed Joint European Transport (JET) is



currently being offered in all its variants with the Franco-America (Snecma-General Electric) CFM-56, an engine of upwards of 22,000 lbs thrust. Rolls-Royce does not have an engine in this category, and thus can be regarded as being out of the JET market, at least initially, and perhaps for all time unless a bigger version of that aircraft is produced, seating up to 180 passengers or so, and thus capable of using the RB-211 535. But even if such a version were to emerge, it would not be very attractive to Rolls-Royce, because it would be virtually a head-on competitor with the Boeing 757.

Thus, while Rolls-Royce does not discount the West European programmes entirely, it feels that by far its best opportunities lie with one or more of the U.S. manufacturers. Currently, while continuing with developments of the RB-211 for the TriStar and the Jumbo, it sees its biggest market lying with the 757 short-range jet, and it is working hard to have the 535 accepted as the "lead" or "launching" engine for that aircraft.

To help it, Rolls-Royce would like to see British Airways becoming one of the launching airlines for the 757-535 airframe-engine combination. The airline is strongly attracted. Quite apart from its immediate requirement for short-range 120-seaters (such as Boeing 737s) to replace ageing Trident Ones and Twos and some One-Elevens by 1980, it knows it will need a bigger aircraft, like the 757, to replace ageing Trident Threes by the mid to late 1980s.

Other possible launching customers include Eastern, of the U.S. That airline has bought the big 250-plus seat Airbus, but it also has many Boeing smaller 727 jets in its fleet, and will need to replace them in the mid to late 1980s. In addition, Rolls-Royce has discussed the 757-535 combination with many other airlines in the U.S. and round the world, and believes it could be on to a winner if it is allowed by the Government to get on with the programme.

This accounts for the current Rolls-Royce anxiety to promote primarily a British Airways purchase of the 757 (separately from that airline's more immediate interest in the 737). Rolls-Royce would also like to see British Aerospace taking a significant share of the airframe work on the 757.

It believes that the combination of Rolls-Royce, British Airways, British Aerospace and Boeing would search through world markets. But even if British Aerospace were to take the European collaborative road, Rolls-Royce still believes that the combination of itself, British Airways and Boeing, with some big U.S. partners such as General Dynamics in place of British Aerospace, would still prove to be virtually unbeatable.

Letters to the Editor

Realignment in accountancy

From the Executive Director, Society of Company and Commercial Accountants.

Sir,—The accountancy profession has been passing through troubled waters in recent years, and probably occupies a lower place on the scale of public esteem than it has ever done before. But a few notorious industrial failures, a few ethical failures and a prolonged and apparently incurable bout of academic schizophrenia in the matter of inflation accounting are merely symptomatic.

Mr. R. J. Bullard (May 5) has identified the underlying weakness: the structure of the profession is entirely unsuited to the services it seeks to offer, and wilfully confuses two quite distinct functions—that of the public accountant and auditor and that of the industrial accountant. The two require fundamentally different attitudes of mind which can be developed only within their different spheres of activity and by different programmes of education and training. Mr. Bullard calls for "grass roots business appreciation through considerable exposure to the industrial environment" on the part of the full-time company-employed accountant—or he must be trained for business in business.

No "outsider" can be as intimately involved, as totally committed, as directly responsible, as the finance member of the management team (whatever his or her company title or professional affiliation may be). That the most common failing of very small firms is in the area of finance may well be due to their inability to afford proper accounting assistance—even a monthly chat with "the auditor" is no substitute for control.

The public face of the accountancy profession is that of the auditor: reporting on the presentation and interpretation of information to external users is the dominant concern. Yet only a minority of accountants are public auditors (and of those a very large number of practitioners are little more than book-keepers and negotiators of tax liabilities): the vast majority of accountants are employed "in an industrial environment," and have objectives, responsibilities pressures and loyalties quite unknown in public practice.

Until the various accountancy bodies have the courage to overcome their jealous regard for their antecedents, recognise clearly the illogic and inefficiency of their present organisation, acknowledge the dichotomy within it, and bring about a realignment which distinguishes the one from the other, there will be confusion in the public mind and a standard of service which falls short of the public need.

R. Beacham,
40, Tyndalls Park Road,
Clifton, Bristol.

Surveyors' fees

From Mr. S. Scammell.

Sir,—The scale-fees of the Chartered Surveyors' Institution for negotiating compulsory purchase compensation are accepted by the Ministries as reimbursable under the Act by the purchasing authority. They have not, however, been increased for many years, and some or all of the members of the Institution in consequence refuse to carry out such work for the scale fee, their Institution in fact permitting them to charge what they wish. This means of course that the unfortunate member of the public whose property is being acquired has no prospect of recovering the "excess over scale" from the Ministry in question (an excess over the scale being paid as the Ministry states only where the work involved is "abnormal.")

The Institution's excuse for not revising the scale long since has been that it would wish to agree the scale with the Ministries and anticipates that agreement to an increase would not be easily forthcoming. The proper course, however, was evidently to raise the scale to a fair figure in line with inflation without reference to the Ministries, and in the unlikely event that thereafter the Ministries declined to accept the scale as reasonable the first test-case in Court would undoubtedly have no difficulty in compelling them to do so. Instead the Institution has found it easier to permit its members to charge as they think fit above the scale regardless of the fact that the client cannot then recover the excess from the Ministry.

S. E. Scammell.
East Knoyle, Salisbury,
Wiltshire.

Unions and the professions

From the general secretary, the Institution of Chemical Engineers.

Sir,—Alan Pike's throwaway comment in the final paragraph of his article on "Casting rival nets for management fish" (May 8) completely misses the point. The members of both ASLEF and the NUR are essentially drawn from the same craft base. The question of separate unions for "professional people" in any given sector is a wholly separate issue.

If we take the single industry union argument as espoused by ACAS to its logical conclusion, then do all the doctors end up in NUPE and the architects in a single union with building workers? This would seem to be the ACAS view if professional engineers are to be forced into blue collar and craft unions as recognition is refused to more appropriate unions.

The unholy alliance between the EEF and CSEU which is counter to the interests of professional men is to be deplored.

T. J. Evans.
George E. Davis Building,
165-171, Railway Terrace,
Rugby.

Cumbersome metrication

From Mr. Ronald Bearman.

Sir,—It is not surprising that as your correspondent says, (April 28) metrication is encountering hostility—simply because it is so cumbersome. The one virtue of Imperial linear measurement is that of large units, so there are fewer to remember or visualise.

By changing to a system based on metres and millimetres we have lost that advantage. It is clearly nonsense to have timber, etc., sold in hundreds and thousands of millimetres. The clothing industry had the good sense to use centimetres which are much easier to handle.

I am sure metrication would find much readier public acceptance if other industries were allowed to follow their example. The centimetre has some affinity to decimalisation being 100 to the metre: the millimetre which is far too small for every day use is then relegated to its decimal place.

Although I am an indifferent wood-worker, I have found that metric measurement in centimetres has made an enormous improvement to accurate measurement. But it is very frustrating to go to a timber yard armed with metric measurements for one's requirements and discover that six years after metrication they are still using Imperial and have to convert metric measurements to their Imperial stocks.

Let us not only think metric but measure metric, get metric completely by 1980: and let us get out of this ludicrous dual situation which is wasting everyone's time and contributing nothing to the changeover.

Ronald Bearman.
9 Woodbrooke Road,
Bournville,
Birmingham.

Division in shipbuilding

From the General Secretary, Engineers' and Managers' Association.

Sir,—Mr. Mortimer's reply, in your issue of May 2, to my letter of April 27, in which I said that ACAS had made no effort to try to conciliate as between the Confederation of Shipbuilding and Engineering Unions and my own association only confirms exactly what I said. On the basis of one meeting with each of us he found our respective views "irreconcilable." It is not just my association which finds this simplistic attitude unacceptable. The Board of British Shipbuilders, having received this "advice" from ACAS proceeded unanimously to decide that it would make a major effort to bring about a resolution of the differences in the shipbuilding industry. It appreciates, as in fact does the CSEU and EMA/SAIMA, that the shipbuilding industry has to find a satisfactory resolution to the problem of the divided views among the unions over the representation of its managers.

In the light of that decision further comment from me is superfluous.

John Lyons.
Station House,
Fox Lane North,
Chertsey.

What solicitors are paid

From the Chairman, British Legal Association.

Sir,—Since the publication last week of the survey of solicitors' incomes (commissioned jointly by the Law Society and the Royal Commission on Legal Services) there has been a deafening silence from those who criticise solicitors and have alleged untruthfully that all of them are making fortunes by battening on to the public. The stark truth has now been revealed, which is no doubt why the critics have been stunned into silence.

The facts are that the median earnings of solicitors in sole practice, after allowing for the cost of capital invested in their practices, amount to £4,800 per annum. If the solicitor does nothing else but litigation (that is, practises in the courts and tribunals) his median real earnings were calculated as £4,100 per annum. Many solicitors are indeed in a precarious financial state. Their income is geared largely to scales of fees approved by Parliament many years ago which successive governments have failed to increase to any significant extent.

There is now a ray of hope. It comes in the judgment of Lord Denning, presiding in the Court of Appeal in the case of Staffordshire Area Health Authority v. South Staffordshire Waterworks Company. Lord Denning held that an agreement, whereby a waterworks company supplied a mental hospital on concessionary terms which contained no provision for termination, did not oblige the waterworks company to go on supplying their services for ever at an increasing loss, but that it was entitled to end the arrangement by reasonable notice. Lord Denning held that it was intolerable that when "the cost of goods and services went up to the rooftops with inflation and the fixed payment went down to the bottom of the well" that the waterworks company should be held to that arrangement.

The Law Society (the governing body of the solicitors' profession) must now tell the Government in no uncertain terms that it too is giving notice to terminate the intolerably low scales of fees applicable, in all courts, to solicitors whose duty it is to defend the interests of individuals, usually the less wealthy, whether in the criminal or civil courts. If the precarious financial state of many solicitors continues, then there will soon be no solicitors in private practice, and the party politicians who desire a state-controlled national legal service will have won. Freedom under the rule of law will then no longer exist for anybody, and the Government, trade unions and big business will run the corporate state (that is, a totalitarian state) entirely for their selfish advantage.

S. P. Best.
29, Church Road,
Tunbridge Wells.

A stable £ is best

From Mr. W. Grey.

Sir,—Following your "Falling £ pushes up raw material costs" headline (May 9), and the earlier cries of anguish concerning U.K. competitiveness while the £ was rising, is there anyone who still doubts that a stable £ is best?

This is, of course, easier said than done. Just as allowing the exchange rate to reflect our relative level of inflation simply "helps to set it" (your first leader on the same day), rigging the exchange rate is equally useless. Rather, exchange rate stabilisation (the only sound exchange-rate "policy") must be by means other than foreign exchange market intervention, for which a rise or fall in the exchange rate itself provides a ready-made signal second to none.

The machinery for thus tackling the trouble at its roots is slowly but surely being evolved in the light of experience. Governments being what they are, however, it needs constant supervision at international level, for which the past few years' "steady growth in the influence of the International Monetary Fund as the world's economic arbiter" (your second leader on the same day) offers our best hope.

W. Grey.
12 Arden Road, N.3.

New jobs on the Thames

From Mr. Peter M. Brown.

Sir,—I would be more impressed by Mr. Bob Mellish's crocodile tears in suggesting that smaller units should be used to bring life back to the Thames, following the possible bankruptcy of the PLA, if he puts his actions where his mouth was.

At a meeting in Newham three years ago, when I suggested that our yacht manufacturing company might open a small yard on the Upper Thames, Mr. Mellish brusquely informed me that that part of London was not interested in products made for the rich, particularly those who lived overseas, that is, yachts for export. The only thing in his view that was worthy of the efforts of his constituents was jobs in large, preferably nationalised or state subsidised companies.

If the residents of the Thames-side boroughs are to get the jobs they need, which might well go there in other circumstances, they must consider whether hardline, old fashioned, doctrinaire, subsidy to the hilt, castrate small business attitudes are really going to give them the political help they need.

Peter M. Brown.
Verivale Ltd.,
Unit B,
Whiting Way, Melbourn,
Royston, Herts.

Leasing benefits

From Mr. M. P. Gould.

Sir,—Mr. T. Ring's comments (May 3) confirmed that I was not alone in having taken the trouble to investigate fully the tax implications of the so-called "tax free gains" that were being bandied about by a number of those commentators concerned with residual leasing of motor vehicles.

While to many it may appear surprising that the Revenue have permitted the continuation of such apparent tax avoidance schemes to go unabated it is clear that it is not generally appreciated that in the Revenue's view they already have the legislation to attack most of the schemes currently in use as and when the profits appear. Nevertheless, in view of the often misleading advertising and articles that are found in the Press and elsewhere, I feel that it would have been useful if the recent Budget could have tightened up on some of the areas where uncertainty exists.

I have no doubt that other professional advisers who like myself are involved with the leasing industry have examined the tax implications in depth and also taken due cognisance of the Board of Inland Revenue's views on the interpretation of existing legislation. It must be recognised, however, that the continuing and blatantly misleading statements put out by a small number of leasing companies does jeopardise the legitimate benefits to be gained from leasing by a large cross section of industry. I can only hope that the Equipment Leasing Association together with the Vehicle Rental and Leasing Association will attempt to emphasise the dangers to its members. Indeed those delinquent companies still anxious to sell their leasing contracts on the tax free benefit motivation might perhaps wish to spend a little time studying the possible effects on their own tax position. The Revenue may wish to take them to task utilising the provisions of Section 44 (6) Finance Act 1971. This section is concerned with the disposal value to be taken into account where the sale takes place at less than market value and the purchaser is not entitled to capital allowances. They may further wish to consider the possibility that certain more adventurous agreements may result in the vehicles being treated as stock-in-trade thereby prohibiting entitlement to a first-year allowance.

M. P. Gould.
Johnston House,
8, Johnston Road,
Woodford Green, Essex.

Correction

In the letter "Responsibility of NEB" from Mr. David Stebbings on May 9 reference was made to "international industries" not being insulated from political interference. This should, of course, have read "nationalised industries." We regret the error.

To-day's Events

GENERAL

Prime Minister visits Bolton, Manchester, Bury and Stockport.

Mr. Denis Healey, Chancellor of the Exchequer, addresses Electrical, Electronic, Telecommunication and Plumbing Union conference, Scarborough.

Session of European Parliament ends, Strasbourg (until June 12).

European Commission on Human Rights ends 12-day session, Strasbourg.

Scottish Conservative Party conference continues, Perth.

Representatives of European zinc industry, EEC Governments and EEC Commission discuss zinc market situation, Brussels.

Chinese steel mission arrives for 17-day tour of British iron and steel plants.

Amalgamated Union of Engineering Workers' conference ends, Worthing.

Civil and Public Services Association conference ends, Brighton.

British Scrap Federation annual meeting, Eastbourne.

Sir Peter Vanneck, Lord Mayor of London, and his Sheriffs attend Company of Chartered Accountants in England and Wales' dinner Mansion House, E.C.4.

Final day of International Welding Engineering Exhibition and Conference, Harrogate Exhibition Centre.

Final day of International Die-casting Exhibition, Olympia.

Final day of Electronic Test and Measurement Equipment Exhibition, U.S. Trade Center, 4, Langham Place, W.1.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

OFFICIAL STATISTICS

Building Societies' receipts and loans (April).

COMPANY MEETINGS

Ault and Wiborg, 71, Standen Road, S.W., 12. Chamberlain, Dorchester Hotel, W., 12. Finlan (J.), Adelphi Hotel, Liverpool, 12. Jacobs (John), Winchester House, E.C., 11.30. Matthews (Bernard), Norwich, 12. Nu-Swift Industries, Savoy Hotel, W.C., 3. Pitney Bowes, Harlow, Essex, 12. Thomas Tilling, 21, Tothill Street, S.W., 12.

COMPANY NEWS + COMMENT

Burton's £6.4m. turnround at midway

WITH TURNOVER little changed at £78.83m., against £78.77m., Burton Group recovered sharply in the February 25, 1978, half-year from a £1.41m. loss to a £5.01m. profit.

In the first 10 weeks of the second half sales have been 1 per cent. above last year, although directors point out that the comparison is distorted by shop closures. In view of the continuing problems of the menswear sector they say it is too early to give any indication of full-year profits. Last year the pre-tax loss totalled £5.08m.

The half-year profit consists of a £6.34m. operating profit (£0.95m.) and a £330,000 (nil) profit on the sale of properties, and is after interest charges down from £2.36m. to £1.67m.

A steady 0.6p net per 50p share interim dividend is to be paid. A 0.9p final was paid last year. Directors have waived payment of the interim.

The result is before extraordinary losses of £2.91m. (£3.48m.) stemming from the closure of Jackson the Tailor.

Directors say the menswear sector still has major problems to overcome but achieved a modest profit in the half year.

Within the sector, manufacturing and Jackson made considerable losses. In March the integration of Jackson with Burton was announced. This involves the closure of a factory and a number of shops. Jackson will however retain its own identity in the North of England.

On womenswear the performance of Top Shop and Peter Robinson was again outstanding and Evans was profitable.

Ryman was profitable and is maintaining steady progress. In France problems still exist although the loss has been reduced.

Total borrowing remained steady, they say.

The comparative figures for 1976-77 have been restated to conform with a decision to deduct "other costs" in arriving at operating profit and the method of determining extraordinary items adopted in the last accounts.

The Board intends introducing a profit sharing scheme for employees on the lines outlined in the last Budget statement and will also recommend the introduction of a share option scheme for senior executive share stakes.

See Lex

INDEX TO COMPANY HIGHLIGHTS

Midterm rise for Warner Estate

On turnover little changed at at £2.30m. against £2.36m. pre-tax profit of Warner Estate Holdings, property investment group, rose from £388,389 to £435,239 for the half year to March 31, 1978. Profit for the whole of the 1976-77 year was £798,250.

Net proceeds of sales of houses and flats totalled some £790,000 for the six months after estimated tax of £94,250.

Half-yearly earnings are shown as 2.1p (1.92p) per 25p share and the interim dividend is increased from 1.3p to 1.4p net—last year's final was 1.36322p. Net profit was £211,199 (£192,807) after tax £224,040 (£195,582).

Progress for King & Shaxson

Profit of King and Shaxson, banking group, for the year to April 30, 1978, rose from £0.97m. to a peak £1.22m. after providing for rebate, tax, minority interests and transfer to contingencies.

Balance brought forward was £1.41m. against £0.85m. making £2.62m. (£1.82m.) and after a transfer to general reserve of £0.2m. (£0.1m.) and all dividends of £0.22m. (£0.18m.) the amount carried forward came to £2.08m. (£1.41m.).

A final dividend of 2.38972p (2.03488p) net per 20p Ordinary share lifts the total to 3.38972p (3.068185p). Also proposed is an additional payment of 0.0362p if the basic rate of income tax is reduced from 34 per cent. to 33 per cent.

Recovery by Inter-City Investments

A turnround from a loss of £144,935 to pre-tax profits of £319,994 was achieved by Inter-City Investment Group for 1977 on turnover of £8.82m. against £8.74m. At midway a surplus up from £92,000 to £105,000 was reported.

Full year earnings are shown at 1.63p (0.44p loss) per 20p share and the dividend is lifted from 0.125p to 0.6p net with a final of 0.4p.

Mr. J. Harris, the chairman, says the textile division had a disappointing year. Although the reorganisation of this division resulted in higher gross profit margins, the turnover fell short of that anticipated, particularly in respect of exports.

Market conditions tended to be erratic and this has continued into 1978. However, orders are now being received for the autumn season and if this demand continues, the second half should show improvement.

The wholesale distribution division achieved a profit of £224,128 as against a loss of £460,000 for 1977. While the strengthening of sterling and the absence of violent fluctuations against other currencies assisted greatly, major changes in sales policy, particularly towards the end of the year, were the principal reasons for the substantial recovery. Trading for the first quarter of 1978 shows the upward trend continuing.

Shui Hing Knitting Factory, Hong Kong, anticipates a trading profit, before tax, in excess of HK$2m. for the year to March 31, 1978. Inter-City's share represents a gross yield of over 30 per cent. on the original investment.

With anticipated higher profits from the wholesale distribution divison and the investment division Mr. Harris looks forward to a further increase in group profit for 1978.

Record £1m. for Turriff

ALTHOUGH TURNOVER declined from £36m. to £34m. pre-tax profit of Turriff Corporation, engineering contractor, climbed 30 per cent. from £0.81m. to a record £1.06m. in 1977.

At half time profit was £40,000 higher at £0.35m. and full-year profits were expected to exceed the 1976 level.

After tax, net profit for the year was up from £392,000 to £787,000. Earnings per 25p share are shown at 18.5p against 9.0p last time.

The dividend is up from 2.0797p to 2.3547p net.

Morris and Blakey tops £0.3m.

For 1977 taxable profit of Morris and Blakey Wall Papers increased from £284,929 to £310,794 on turnover up from £7.66m. to £8.56m. At halfway profit was £16,000 up at £117,376.

The result is before tax of £27,315 (£11,048) and extraordinary debits of £9,112 (£67,529 credit), and earnings per 25p share are shown unchanged at 9.84p.

The final dividend is 2.36p for a total of 4.11p (same).

Gieves up 58% to £1.24m.

AFTER RISING from a depressed £206,000 to £654,000 in the first half, pre-tax profits of Gieves Group finished the year to January 31, 1978, 58.4 per cent. higher at £1.24m. against £0.78m. on turnover up 30.6 per cent. to £32.1m.

Full year earnings are shown at 15.3p (10.9p) per 25p share and, as forecast, the final dividend is 2.96769p net for a maximum permitted 4.46769p (4p) total.

	1977-78 £000	1976-77 £000
Turnover	32,092	24,575
Trading profit	1,463	995
Interest payable	225	214
Profits before tax	1,237	781
Tax	643	379
Net profit	594	402
Extraord debit	45	†441
Pref dividends	4	4
Available	545	839
Ordinary dividends	175	151
Retained	370	688

† Credit.

Trading profit was split as to: tailoring and outfitting (Gieves and Hawkes) £321,000 (£251,000); book manufacturers and magazine printers (Redwood Burn) £195,000 (£21,000 loss); mechanical binding systems (James Burn Bindings) £624,000 (£518,000); motor dealers and car park operators (Mamos) £237,000 (£145,000); and parent company £85,000 (£102,000).

Mr. Michael Keeling, the chairman says that trading budgets for the current year aim for profits somewhat in excess of those now reported, but each of the four divisions is known to have special problems to overcome during 1978-79.

● comment

Gieves profit performance, though 59 per cent. up pre-tax, is marred by a second half, which is a tenth lower than the previous six months and only marginally ahead of the comparable period. Due to a buoyant first half at the menswear division, thanks to tourist buying, Gieves ran up against Price Commission margins control and it had to drastically cut prices in the January sales to compensate. Meanwhile, the book division showed a significant recovery, though it is still giving a below average return. The factory at Esher is out of date and a new factory, which could cost £¾m., is likely to be built within the next 18 months. Meantime there is a Temporary Employment Subsidy, worth £60,000 a quarter. Mechanical binding of callenders and brochures shows steady progress and despite the competitive pressures on petrol sales and shortages of Leyland cars, motor distributors are up. Gieves is closing five of its 15 motor outlets but these are the smaller less profitable outlets and the division as a whole should again show growth. However, tailoring will be hard pushed to match last year's figures in 1978, and binding saw an exceptional inflow of orders which may be hard to equal this year. The overdraft, now up to £2m., i salso forecast to come back down. At 97p the yield of 7.2 per cent. and p/e of 6.- is a reasonable rating.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Atlas Electric	1.3	June 16	1.1	1.9	1.6
Brycourt Invs. ...int.	1	June 20	—	—	2.15
Burton Group ...int.	0.6	Oct. 2	0.6	—	1.5
Caplan Profile ...int.	1.5	July 31	1.5	—	4.79
Copydex	1.54	July 3	1.54	2.24	2.24
A. R. Findlay	1.17	June 15	1.05	1.9	1.7
Gieves	2.97	July 10	3	4.47	4
Matthew Hall	5.32	July 3	4.76	7.08	6.41
Holt Lloyd	4.25	July 28	3	7	5
Inter-City Inv.	0.4	Aug. 7	Nil	0.6	0.13
J. B. Holdings	0.06	July 6	0.48	1.06	0.96
King and Shaxson	2.39	June 16	2.03	3.39	3.07
Lloyds and Scottish .. int.	1.7	Aug. 1	1.54	—	3.95
London and European	0.5	—	Nil	0.5	Nil
Midland Inds. ...int.	0.53	July 7	0.48	—	0.99
Morris and Blakey	2.36	July 5	2.36	4.11	4.11
Newman Inds.	†3.63	Aug. 1	1.92	†5	3.17
Scot. Eur. Inv.	1.2	July 14	—	1.5	1.2
Herman Smith ...int.	Nil	—	—	—	0.25
Sunlight Services	0.78	June 16	0.7	1.14	1.03
Turriff Corp.	2.35	—	2.08	2.35	2.08
C. and W. Walker	3.5	—	1.55	†6	2.95
Warner Est. ...int.	1.4	July 3	1.3	—	2.66
Williams of Cardiff	†1	July 3	0.8	—	2.19

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Newman Inds. well over forecast at £4m.

AGAINST A mid-term forecast of not less than £3.4m. Newman Industries reports record taxable profits of £4.01m. for 1977 compared with £1.65m. last time. The increase reflects the continued expansion in profitability of the group's international marketing. At halfway the group was ahead from £0.52m. to £1.42m.

Turnover was up by 57 per cent. to £45.13m.—in line with the target set by the group last May, and overseas sales rose by 63 per cent. to £25.6m.

Pre-tax profit includes a contribution of £400,000 by the Dover Engineering Group, which has arisen as a result of the acquisition of the outstanding shares in Dover.

The directors state that results for 1977 of Newman not only confirm their expansion programme policies during 1975 and 1976, but also endorse the recent investment in Ardel International NV as a further significant step forward.

On increased capital from last year's one-for-three rights issue earnings are well up from 13.6p to 23p per 25p share and the dividend is raised from 3.1685p to 5p net with a final of 3.625p, as forecast.

	1977 £000	1976 £000
Group turnover	45,130	28,704
Trading profit	6,145	3,576
Interest	1,279	1,296
Depreciation*	854	631
Profit before tax	4,012	1,649
Tax	676	324
Net profit	3,336	1,325
Extraordinary debits	304	296
Exchange loss	69	†65
Minority interest	142	97
Leaving	2,822	997
Preference dividends	25	—
Interim Ordinary	159	112
Proposed final	499	172
Unappropriated	2,107	713

* And plant leasing. † Gain.

As at December 31, 1977, shareholders' funds increased by 50 per cent. and net current assets by the same proportion, and bank overdrafts show a reduction of £1.8m. As a result of the sale of two subsidiaries in January 1978, a further reduction of £2m. has been achieved.

The directors say that over some 13 months, the group has reduced its bank current account overdrafts from £5.4m. to £1.6m. and has therefore been able to negotiate more advantageously its medium term borrowing.

The group is engaged in engineering, marketing and manufacturing of electric motors, castings, construction equipment and fabrications.

● comment

Even excluding a first-time contribution from Dover Engineering, now wholly owned, the latest full-year taxable profits from Newman Industries are more than doubled. This is partly accounted for by a more settled year in the group's structure, which had the opportunity to digest the trading benefits of Alfred Clough, Ager Cross, and Dover Engineering, purchases made in the last three years. Between them they contributed a half of group profits. In addition, with 55 per cent. of turnover going overseas, the group was supported by higher margin orders for its products ranging from electrical motors to castings. Oddly the group seems to have escaped the worst effects of exchange movements with only £68,000 of exchange differences taken out below the line. The £1.3m. rights issue has gone towards financing a 16 per cent. rise in working capital to £14.3m., while disposals have helped reduce the overdraft to around £5.4m., around 46 per cent. of the group's present stockmarket capitalisation. At 86p, the shares stand on a p/e of 3.6, on a 16 per cent. tax charge (over 6 fully taxed) and yield 9.2 per cent., covered over four times.

Midland Industries ahead to £0.96m. at halfway

TURNOVER FOR the half year to March 31, 1978, of Midland Industries—which has interests in engineering and repetition iron-founding—expanded from £10.14m. to £11.37m. and profits advanced from £803,000 to £961,000, subject to tax of £500,000 (£417,000).

The interim dividend is lifted from 0.48p to 0.53p net per 5p share and £414,000 (£343,000) is retained. Last year's total was 0.988274p and pre-tax profits reached £1.8m. The chairman, his wife, and a director have waived interim dividends totalling £22,000 (£20,000).

The group is progressing satisfactorily to date, despite difficult trading conditions, say the directors, and it is anticipated that targets for the year will be met. The capital development programme is continuing to ensure the successful future of the group, they add.

The dividend total is held at 2.237p net with a final of 1.537p.

The group manufactures adhesives, household products and security devices.

No recovery at Herman Smith

Despite predictions of improved results for the first half of 1977-1978, the trading loss at Herman Smith deepened from £35,824 to £96,724 in the January 14, 1978, period and a loss is likely for the full year.

Mr. Herman G. Smith, chairman of the manufacturing and electrical engineer, says the improved prospects he referred to in his annual statement proved short-lived. The delivery schedules of some of its customers were drastically cut back in the fourth quarter of 1977 and sales did not achieve the overall level anticipated.

Since the start of 1978 there has been some improvement in certain areas of business but conditions generally continue to be difficult and a profit for the full year is considered unlikely.

The interim dividend is again passed. Last year, when profits totalled £56,174 before tax, a 0.25p net per 10p share final payment was made.

For the half year turnover was £2.24m. against £2.20m., excluding inter-company sales of £229,865 (£275,730). There is again no tax charge.

Scottish European pays 1.5p

Gross income of Scottish European Investment Company for the year to March 31, 1978 fell from £1.03m. to £0.93m. but the profit available emerged higher at £255,000 compared with £237,342.

The dividend total is increased to 1.5p (1.2p) net per 25p share with a final of 1.2p. Net asset value per share is shown as 53.1p (49.6p).

Downturn at Copydex

Pre-tax profits for 1977 of Copydex fell from £252,286 to £201,090 before tax of £91,740 compared with £147,842.

At midway the surplus was down from £116,000 to £81,000.

Majedie ahead at six months

Income of Majedie Investments rose from £187,364 to £259,257 in the six months to March 31, 1978 and profits advanced from £117,065 to £172,217 before tax of £67,295 against £48,092. Earnings are shown at 0.74p (0.49p) per 10p share.

Profits for all 1976-77 came to £334,648 and a net dividend of 0.67852p was paid from earnings of 1.46p.

The market value of quoted investments was £8,540,342 at the half year end (£7,198,483 at September 30, 1977) and the asset value per share was 65.62p (54.06p).

No adjustment has been made for any income tax which would be credited on the payment of a dividend in calculating the earning per share.

Where applicable, the valuation of assets includes the full investment currency premium. No allowance has been made for any contingent liability for Capital Gains Tax.

Matthew Hall on target at £6.2m.

IN LINE with its interim forecast, Matthew Hall and Company, industrial engineering concern, reports record pre-tax profits for 1977 of £6.2m., compared with £4.62m. for 1976. Turnover was ahead from £156.3m. to £173.6m.

At halfway the directors revealed a £1.41m. rise in profits to £4.35m. and said that for the full year the £6m. mark would be reached. They now say the group, with its broad base, can look to the future with considerable confidence.

They add that the results take into account an increase in the engineering companies' contribution arising from the effects of increased activity which is being sustained by the obtaining of further energy projects. Overseas, the Dutch subsidiary has also improved.

The mechanical and electrical services companies have again produced satisfactory results, they add, and is due to their success in securing an increased proportion of work from the industrial sector. Good prospects continue in this area.

	1977 £000	1976 £000
Turnover	173,875	156,329
Trading profit	4,965	3,779
Share of loss of assoc.	36	56
Interest receivable	1,374	897
Profit before tax	6,303	4,620
Tax	3,461	2,569
Net profit	2,742	2,051
Minorities	59	23
Attributable	2,683	2,028
Interim Ord.	209	180
Final Ord.	606	542
Leaving	1,868	1,306

An analysis of turnover and trading profit, £4.97m. (£3.78m.) shows: oil, chemical and industrial engineering £92.4m. (£91.44m.) and £1.96m. (£1.12m.) and mechanical and electrical services £81.23m. (£64.89m.) and £2.9m. (£2.66m.).

Earnings per 25p share are shown as 23.55p (17.79p) and the dividend is stepped up to 7.0822p (6.4141p) net, the maximum allowed as forecast, with a final of 5.3216p. If the basic rate of ACT is reduced to 33 per cent. the directors intend to add the difference to the next appropriate dividend payable.

● comment

Pre-tax earnings at Matthew Hall are up by more than one third thanks to a 78 per cent. jump in trading profit from oil, chemical and industrial engineering and increased returns from Hall's massive £13m. cash holdings. The North Sea remains a lucrative area where the recently won £25m. rig contract in the Buchan field is highly significant for the future. Hall is also working in the Brent and Conoco fields and hopes soon to use its expertise overseas—the company has tendered for offshore contracts in Australia, Malaysia and Brazil. With the construction industry still in the doldrums, competition is much tougher in the mechanical and electrical services sector. Despite greatly improved turnover here and an increased share of the market, margins are tight and trading profit is only up 9 per cent. Government contracts amount to about 40 per cent. of work and while the order book is healthy for at least a year the company now needs to concentrate on expansion abroad with Australia, Saudi Arabia and South East Asia among potential growth areas. The group will probably have to settle for slower growth this year, but despite its conservative accounting policy should make at least £7m. On a p/e of around .9 the shares at 217p yield just over 5 and still have attractions.

Holt Lloyd surges to £3m. and sees further growth

WITH SALES 31.7 per cent. higher at £29.39m. taxable profit of Holt Lloyd International, car care products group, jumped 37.2 per cent. from £2.15m. to a peak £2.95m. in the February 25, 1978, year.

Mr. Tom Heywood, the chairman, says: "I believe we have now achieved the short-term benefits of the merger between Holt Products and Lloyds Industries in December 1975. We have certainly beaten the ambitious targets we set at that time," he says. Sales in the two years rose 72.9 per cent., pre-tax profits 102.7 per cent., and earnings per share by 99.4 per cent.

He says it would be unrealistic to expect this rate of growth to continue, but says the business is moving forward according to plan and above average growth is budgeted for the current year.

	1977-78 £000	1976-77 £000
Sales	29,393	22,321
Automotive, aerosols	17,341	13,167
Overseas and export	8,862	6,550
Food	3,190	2,586
Trading profit	2,976	2,136
Interest paid	23	*16
Profit before tax	2,953	2,152
Tax	1,512	1,115
Net profit	1,441	1,037
Minorities	30	21
Attributable	1,411	1,016
Extraordinary loss	24	‡100
Dividends	700	500
To reserves	687	616

† From exchange variations * Received ‡ Profit

The trading profit for the year of £2.97m. was arrived at after charging losses of £180,000 from the U.S. and Canadian operation. Mr. Heywood says Holt Lloyd is currently widening its sales area in the U.S. after its test market experience last year. He believes the group investment in the Americas—which account for half the world's cars—is soundly based.

The profit rise for the year follows an advance from £1.16m. to £1.61m. at halfway, and is subject to tax of £1.51m. (£1.12m.).

Earnings per 10p share are shown ahead from 10.17p to 14.12p.

The group has now completed its last year free from dividend restraint, and a final dividend of 4.25p takes the total from 5p to 7p net.

● comment

● Holt Lloyd's dramatic sales and profit growth is starting to slow. Since the merger of Holt Products and Lloyds Industries in December 1975 sales have grown by 72.9 per cent., while both pre-tax profit and earnings per share have doubled. But the chairman sounded the warning bell yesterday. Above average growth is still expected but losses from the United States operations, which are currently running at around £200,000 could continue at this level for up to three years. Also the group has plans for the launching of three new products in the next few months and these will not generate profits for some time. The shares at 145p, a gain of 5p on the day, give a yield, after a 40 per cent. hike in the dividend, of 7.54 per cent. The p/e is 10.

ISSUE NEWS

Eurotherm offer for sale

Eurotherm International is planning to come to the market with an offer for sale to the public raising £2.85m.

The company, which is engaged in the manufacture of electronic equipment for industrial and scientific purposes, is planning an offer of 2,854,390 Ordinary 10p shares at 100p each.

The prospectus will be published next Monday and the application list will open on the following Thursday.

Eurotherm's main products are temperature controllers, process control systems, potentiometric chart recorders and variable speed industrial drives. In certain product areas the group is a market leader in the U.K. It has sales subsidiaries, some of which have manufacturing or assembly plants, in the U.S., Germany, France, Switzerland, Italy and Hong Kong.

The company was founded by Mr. Jim Hartnett, chairman, Dr. Jack Leonard, managing director, and two colleagues in 1965.

In the year to October 31, turnover was £12.85m., 60 per cent. being overseas, and profits amounted to £1.89m.

Brokers to the issue are Henderson Crosthwaite and bankers are Robert Fleming.

TYNE—78% FOR UNDERWRITERS

Tyne and Wear County Council's issue of £10m. 12 per cent. Redeemable Stock 1986 priced at £98½ per cent., closed yesterday afternoon with the underwriters left holding 78 per cent. of the issue. The application list, which opened at 10 a.m. was closed at 2.30 p.m.

Dealings in the stock commence to-day.

National Newspapers

Times Newspapers publishes The Times, The Sunday Times, The Times Literary Supplement, The Times Educational Supplement and The Times Higher Education Supplement. It is owned to the extent of 85% by The Thomson Organisation, the remaining 15% being owned by Astor family interests. Since 1970 financial responsibility for The Times has been borne by the Thomson family and its results are excluded from The Thomson Organisation figures.

Times Newspapers has a separate Publishing Division consisting of three subsidiaries, Selective Marketplace, Times Books and Newspaper Archive Developments, specialising respectively in reader offers, the publishing of books such as The Times Atlas, and microfilm.

Regional Newspapers

Thomson Regional Newspapers is a holding company, whose subsidiaries publish regional newspapers in the United Kingdom, act as retail newsagents, provide newspaper consultancy services and engage in newspaper and general printing. The Regional Group publish fourteen morning and evening titles, one Sunday and thirty-five weeklies from fourteen centres.

Among the Group's publications are The Scotsman and the Western Mail, the national morning newspapers of Scotland and Wales respectively, and the Belfast Telegraph, the largest newspaper in Northern Ireland.

Publishing & Information

Thomson Publications operates in three main divisions, Books, Magazines and Data. The Books Division includes such well-known imprints as Thomas Nelson, Michael Joseph, Hamish Hamilton, Rainbird and Sphere Books. The Magazine Division publishes a range of titles as diverse as The Illustrated London News and the Common Market Law Reports, Family Circle and Living and a number of trade and *technical publications covering farming*, medicine, construction and many other activities.

The Data Division includes Derwent Publications (75% owned) which provides an information service primarily in the field of chemical patents, and Glass's Guide (51% owned), the guide to used car prices. Thomson Publications has a number of overseas interests in Australia, Canada, the United States, Denmark, Norway, Holland, Spain and South Africa.

Thomson Yellow Pages acts as sole sales agents for advertisements in Post Office telephone directories.

Travel

Thomson Travel is the controlling company of the travel division and, through Thomson Holidays, is a major tour operator providing a wide range of package holidays including not only sunshine holidays in Mediterranean resorts but also tours to many European cities as well as to Russia and China. In addition it has an attractive winter sports programme.

It owns its own airline, Britannia Airways, *which currently operates 17 Boeing 737s and* carries not only for Thomson Holidays but for other tour operators. In addition, Thomson Travel operates a number of hotels notably in Spain and Malta and is involved in travel retailing through its subsidiary Lunn-Poly.

Other Activities

Other principal subsidiaries of The Thomson Organisation include Thomson Withy Grove, a major printing centre in Manchester, which is responsible for printing under contract the northern editions of certain national newspapers as well as for the publication of the well-known racing paper The Sporting Chronicle.

Associated companies of The Thomson *Organisation include Wigham Poland Hold*ings, The Solicitors' Law Stationery Society and Bertelsmann-Thomson Fachverlag.

Oil

Thomson North Sea is a subsidiary of Thomson Scottish Associates, the parent company of The Thomson Organisation, which has an option to acquire 90% of the oil interests. Thomson North Sea holds a 20% interest in the Piper and Claymore Fields as a member of the Occidental Consortium. The two fields together have been independently certified as containing proven recoverable reserves of one *billion barrels. The Piper Field came on stream* in December 1976 and Claymore in November 1977. The Thomson Organisation will take advantage of its rights under the option arrangements when it deems that the risks have been sufficiently reduced, and it is anticipated that this will occur in the foreseeable future.

Thomson Scottish Petroleum, another subsidiary of Thomson Scottish Associates, holds the Thomson 20% interest in other Fourth Round blocks and the Thomson 9.8% interest in a Fifth Round block, awarded to the Occidental Consortium and BNOC. All these North Sea interests are subject to the option.

It has paid to build for the future

GROUP RESULTS	1977 £'000	1976 £'000	+%
Turnover	332,680	284,541	17
Trading profit	22,541	17,103	32
Profit before taxation	19,567	15,184	29
Profit retained for year	4,815	2,227	
Earnings per share*	5.71p	3.74p	53
Ordinary dividends – net*	1.97p	1.78p	
Ordinary dividends – gross*†	2.98p	2.71p	10
Dividend cover	2.9	2.1	38

**restated for capitalisation issue in February 1978.*
†maximum permitted.

A substantially increased trading profit

The Chief Executive reports the year's trading profits as £22.5m, an improvement of 32% over 1976, and the highest in the company's history.

The group turnover was £333m, some £48m (17%) higher than last year, and trading profits were £22.5m, an improvement of £5.4m (32%) over 1976. Earnings per share, restated for the capitalisation issue in February 1978, were 5.71p compared to 3.74p, a growth of 53%.

The first Lord Thomson said "It pays to build for the future" and with our 1977 results showing significant real growth these words are being vindicated.

Three factors have helped our success: the philosophy of thinking and planning long term, the right people for our businesses, and their freedom in managing them. We are now beginning to enjoy the benefits of the plans laid many years ago. It has taken patience and determination to bring us to our current position of strength and opportunity.

Our future prospects are firmly based

We anticipate further significant growth in our earnings, with the usual caveats about the behaviour of the national economy and possible dislocation due to industrial disputes.

We have a strengthening asset base and good businesses, and it is our people who have made them so. In thanking them for their efforts, particularly in the difficult times, I know they are looking forward to the great opportunities to come, and which they have done so much to create.

The changes in the fortunes of the company are due to two main factors: the continuing and growing strength of our existing businesses, and the substantial cash flows that will be available from oil.

By 1978 the company's growth rate is likely to be at the higher end of British industry's performance and it should be maintained over the next few years. This will enable us to take the longer term view in planning our investments while continuing to strengthen our financial base.

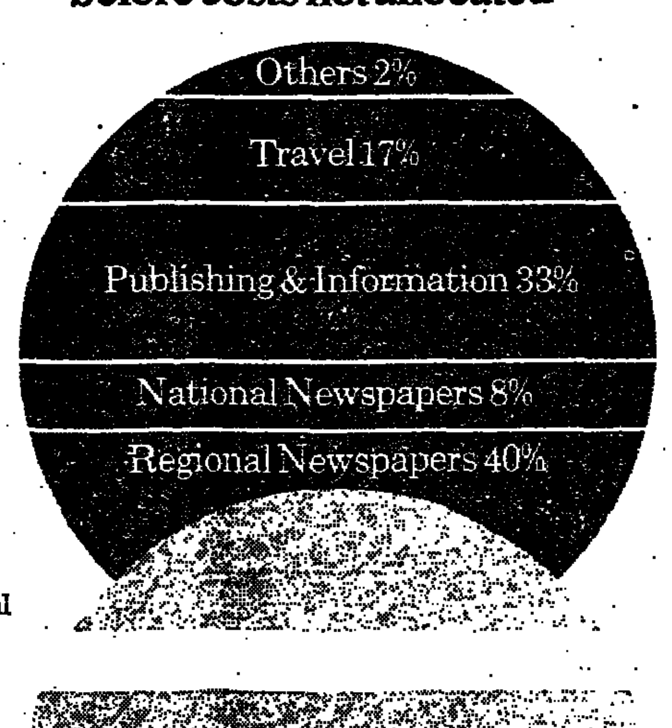
We shall therefore be giving high priority to investment in our existing businesses in the newspaper, communications and information sectors. By the end of this year more than £90 million will have been spent since 1970 on the increasing build-up of capital assets in the U.K. This does not include North Sea investments which bring the total to near £300 million, much of it in Scotland.

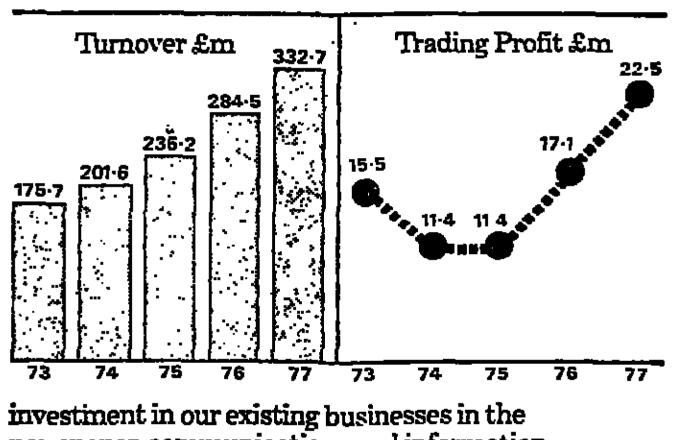
We shall be allocating limited resources to achieve controlled and steady growth in the travel and leisure business, and we shall continue to invest in oil development and other natural resources at home and overseas as the opportunity arises.

Our aim is to be a leading international publishing, communications and information business with strong interests in leisure and natural resources.

The above is a summary of the Chief Executive's Report for the year ended 31st December 1977. The full Report and Accounts can be obtained from the Registrar, The Thomson Organisation Ltd., York House, 37 Queen Square, London WC1N 3BH.

Break down of trading profit before costs not allocated





The Thomson Organisation Limited

4 Stratford Place, London W.1.

Lloyds & Scottish jumps to £12.6m. at halftime

WITH THE DEMAND for instalment credit and leasing business continuing buoyant and borrowing costs lower, taxable profit of Lloyds and Scottish jumped in the March 31, 1978 half year from £7.63m. to £12.62m.

Directors say the recent rise in interest rates will, however, result in narrower margins on existing fixed rate business.

The finance group's industrial and commercial activities experienced mixed trading conditions in the period, and these are expected to continue for the remainder of the year.

The result is subject to tax of £6.38m. (£4.09m.) and minority interests of £381,000 (£144,000). Earnings per share are shown at 5.34p (3.34p) on capital increased by the issue of 2.2m. shares to Tube Investments for a 50 per cent. stake in its instalment credit division, Raleigh Industries (Gradual Payments).

The interim dividend is stepped up from 1.54p net per 20p share to 1.7p, and will absorb £1.82m. (£1.56m.). Last year, on record profits of £17.39m., a 2.4065p final was paid.

Extraordinary items — mainly from currency re-alignments—will again be dealt with in the annual accounts. At the half year these items were not material.

● comment

In common with Mercantile Credit, which reported earlier this week, Lloyds and Scottish is still benefiting from the sharp drop in interest rates last year. At the halfway stage pre-tax profits are 65 per cent. higher and assuming unchanged profits in the second half profits for the full year could be of the order of £22m. However, with two thirds of its business tied to fixed rates a lot depends on the movements in interest rates between now and the end of September. With upwards of £35m. of deferred tax in its balance sheet, in addition to shareholders funds of £57m., the adoption of ED 19 could transform Lloyds and Scottish's balance sheet. However, the group is treading cautiously and will probably wait until the exposure draft becomes an actual accounting standard before making a move. At 94p the group is capitalised at just under £100m. The shares yield 7.0 per cent. prospectively.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims:—Moss Engineering, North Midland Construction, Peak Investments, Stag Line, Vaux Breweries.

Finals:—John Beales, James Beattie, Charles Hill of Bristol

FUTURE DATES

Interims:—

Central Manufacturing & Trading	May 17
K Shoes	May 23
Land Investors	May 16
Morland	May 25
Redman Heenan International	May 18
Trafalgar House	May 16

Finals:—

Ash Spinning	May 25
Atkins Bros. (Hosiery)	June 6
Cater Ryder	May 17
East Midland Allied Press	†May 24
Foster Bros. Clothing	May 16
Monks Investment Trust	May 24
Old Swan Hotel (Harrogate)	May 17
Outwich Investment Trust	May 22

† Amended.

A. R. Findlay unchanged after charges

Pre-tax profits reported by Andrew R. Findlay Group for 1977 were virtually unchanged at £444,960 compared with £446,903 after an exceptional debit for the period of £148,010. Turnover was ahead from £9.88m. to £11.4m.

Profit at halfway was down from £221,000 to £170,000 but was struck after charging £67,000 expenses incurred in setting up a new distribution company in Manchester.

Tax for the year took £118,237 (£114,044) leaving a net profit of £326,723 (£332,859). ED 19 procedure has been applied to results and comparatives for 1976 have been adjusted.

Earnings per 25p share are unchanged at 3.5p and a final dividend of 1.17p (1.05p) lifts the total to 1.896p (1.7p) net.

Upsurge by Caplan Profile

REPORTING pre-tax profits up from £302,390 to £507,943 for the six months to February 28, 1978 on turnover ahead from £1.88m. to £2.67m., Mr. Ian Caplan, the chairman of the Caplan Profile Group of office furniture and expanded polystyrene manufacturers, says that the first half pattern continues and he is confident of another record year.

Earnings are shown at 8.44p (4.34p) per 10p share and the interim dividend is 1.5p (same) net. Last year's total was 4.79p and pre-tax profits came to £652,658.

	Six months 1977-78 £	1976-77 £	Year 1976-77 £
Turnover	2,670,576	1,883,002	4,014,473
Profit before tax	507,943	302,390	652,685
Tax	264,130	157,243	148,032
Net profit	243,813	145,147	304,606
From Canadian assoc.	9,263	†15,000	†27,449
Making	253,076	130,147	477,157
Interim dividend	45,000	45,000	45,000
Final	—	—	89,749
Pref. dividend	22,000	—	14,493

† Loss.

Turnover does not include Profile Expanded Plastics (Canada). Agreement has been reached with Gesco Distributing, whereby the group will acquire Gesco's 50 per cent. holding in Profile Expanded Plastics subject to approval of the Bank of England and the Canadian Foreign Investment Review Agency.

Burmah turns corner but debt/equity to worsen

"WE HAVE turned the corner and from now on I hope we will proceed upwards," Mr. Alastair Downs, the chairman of Burmah Oil, said yesterday when presenting the annual report and accounts.

The balance sheets shows that the debt/equity ratio worsened again last year from 40:60 to 46:54. It will probably deteriorate further this year as a result of the borrowings required for the second ULCC tanker, but thereafter it should steadily improve, Mr. Downs said.

On the operating front Mr. Downs is "certainly more optimistic than a year ago. As each month goes by things get better."

He said that the transhipment terminal in the Bahamas is now nearing capacity and is almost at break even level because it is very competitive in comparison with other terminals.

The liquefied natural gas project in the Far East is now also almost over its teething problems and, though "the possibility of start up problems continues to be associated with the project it should make a contribution to profits this year."

Nevertheless, the report does indicate that the last of the eight vessels already chartered for the LNG side will have to be laid up, a problem to be faced possibly early in 1980.

Still on the shipping side, Mr. Downs hopes that tanker losses will not be as high this year despite the new ULCC. "We are getting into a calm and steady progression," he said. Of the 3.2m. dwt fleet of 20 tankers in the group, seven are laid up, two are on the grain service, and the remainder are servicing the terminal.

The directors report shows that at year end the fleet was 24 ships, but since then, four additional charters have been cancelled and the vessels sold. Further cancellations are expected in 1978, and directors say it may be necessary to lay up additional vessels in the fleet if the prevailing weakness in the market persists.

The Thistle oilfield is now coming on stream and is already producing 50,000 barrels a day of its budgeted capacity of 100,000 barrels. The first cargoes are now moving, despite delays due to weather, so cashflow can be expected almost immediately.

Burmah fully intends competing in the sixth round of North Sea exploration, but primarily as an operator. At present it is bringing together a consortium of financial partners.

The industrial divisions have done "really well" and although the group has had approaches for them from would-be buyers "the answer is no." However Mr. Downs would not quantify future prospects beyond saying that he could see no reason why profits from these interests should not improve this year.

Mr. Downs also refused to be drawn over whether Burmah will return to the dividend list this year. He clearly sees the further reduction of borrowings and payment of a dividend as equal priorities which are both now within sight.

The squabbles and litigation surrounding the 1974 purchase by the Bank of England of Burmah's 20 per cent. stake in British Petroleum is obviously exercising a good deal of management time.

Mr. Downs said that Burmah's case against the Bank has progressed since the last report and should reach court by the end of 1979, despite an interim problem occasioned by the Bank's claiming Crown privilege over certain documents on the grounds that their release would be contrary to public interest.

Paradoxically, Burmah is itself atempting to withhold documents relating to the period just prior to this from the Shareholders Action Group. The documents are those outlining the renegotiated covenants drawn up with a consortium of U.S. banks over the loans for the purchase of Signal Oil.

Mr. Downs believes that the documents could be misleading as they are only part of the jigsaw puzzle of Burmah's problems in 1974 and that, in any case they will not provide the action group with any further information on which to press their actions.

At the December 31 balance date stockholders' funds were down from £364.17m. to £319.33m., reflecting the £44.9m. drop in reserves to £224.96m., which was mainly owing to shipping cancellations and currency adjustments.

Fixed assets increased from £180.24m. to £236.8m. with the purchase of the Burmah Endeavour for £44.87m. and Thistle field development costs of £15.2m., the major items of capital spending.

Future capital expenditure approved by the Board amounts to some £110m., with the ULCC Burmah Enterprise making up £88m. of this, with £64m. covered by bank borrowing.

The sale of the group's remaining 2.05m. shares in BP to Salomon Brothers Investment Bank of New York accounts for the fall in investments from £96.2m. to £70.66m. The reduction in shipping advances and prepayments from £137.77m. to £72.04m. came following the repayment of construction advances in February, 1977, after permanent construction finance was arranged for LNG vessels.

The £67.45m. rise in net current assets to £221.99m. was accounted for by higher stock and debtor levels, including amounts transferred from long-term receivables. Combined short-term investments and cash balances also increased.

Long-term borrowings at year end stood at £243.9m. (£226.16m.) and deferred liabilities rose almost £11m. to £33.13m., reflecting tanker cancellation payments for future years.

Auditors Whinney Murray and Co. have again qualified the accounts for failing to reflect the future adverse effects which may be produced on group affairs by certain contracts relating to shipping operations in existence at the balance date or by the ownership and projected ownership of vessels.

Commitments estimated as payable in 1978 for tanker and LNG carried operations total £57m. (tankers £43m.) and in 1979 £74m. (tankers £43m.). Until 1987 for tankers and 2004 for LNG carriers, these commitments are shown at £118m. and £212m. respectively.

In the notes to accounts it is stated that profitable employment is not now available for the tanker fleet as a whole. But future losses stemming from contracts in existence at December 31, 1977, will be dealt with in accounts from 1978 onwards.

Meeting, Glasgow, June 9 at 11.30 a.m.

See Lex

J. B. Hldgs. up 14% to £2.7m.

ON TURNOVER up slightly from £20.55m. to £21m. J.B. Holdings reports record taxable profits of £2.7m. for 1977 compared with £2.36m. for last time, a rise of 14.6 per cent., after £0.93m. against £0.89m. at halfway.

Exports more than doubled to £7m., representing some 33 per cent. of turnover, as a result of increased exports of Road Suction Cleaners and Armaflo pipes to the Middle East.

A divisional analysis of turnover, as percentage, and pre-tax profit shows: civil engineering, building and road maintenance 28.1 per cent. (45 per cent.) and £934,000 (£868,000); civil engineering supplies 26.8 per cent. (15.6 per cent.) and £739,000 (£402,000) and engineering and hydraulics 45.1 per cent. (39.4 per cent.) and £1.04m. (£1.1m.).

On full deferred tax earnings per 5p share are shown as 12.56p (11.38p) and 18.59p (12.86p) if allowance is made only for tax actually payable in respect of the year's results. The dividend is lifted to the maximum allowed of 1.06p (0.96p) net with a final of 0.06p.

Also proposed is a scrip issue of one 5p Ordinary share for each share held, and a consolidation into 10p shares, as well as a scrip issue of 10 per cent. Cumulative Preference £1 shares on the basis of one Preference share for every ten Ordinary shares. As a result of the scrip and consolidation of Ordinary shares the company will secure Trustee Status.

	1977 £000	1976 £000
Turnover	21,004	20,547
Profit before tax†	2,702	2,358
Tax	1,446	1,220
Net profit	1,256	1,138
Interim Ord.	100	48
Final Ord.	6	48
Retained	1,150	1,042

† Including share of results of associates and after loan interest £14,000 (£16,000).

● comment

While the recession in the UK civil engineering sector has restricted J.B. Holdings' profits growth to 15 per cent., compared with a 54 per cent. jump in 1976, the results were better than expected and the shares closed 4p higher at 66½p. The company now aims to concentrate on the more profitable contracts but while this has lifted profit margins by over six points to 15.8 per cent. in the civil engineering, building and road maintenance division, it has meant a drop of more than a third in turnover. However, any shortfall in the U.K. has been made up by overseas activities. Demand in the Middle East has been particularly good for the company's road suction cleaner, as well as for Armoflow, a fibreglass substitute for concrete sewage pipes, which are prone to erosion in hot climates. But, although road cleaners have made the engineering and hydraulics division the fastest growing in the group in terms of sales, profits are lower due to adverse currency factors and difficult conditions in the U.S., which incurred a £0.1m. loss (£0.1m. profit). While exports may show continued growth in the current year, JB is still very dependent on the home market (two thirds of sales). With no sign of any revival here, overall progress is only likely to be minimal. Fully taxed the shares are on a p/e of 5.3 while the yield is 2.4 per cent.

Appleyard starts well

Mr. Ian Appleyard, chairman of the Appleyard Group of Companies told the AGM that 1978 had started well. Notwithstanding monthly fluctuations in market penetration, total retail sales of BL cars by the group in the first four months of the year were 33 per cent. up on the corresponding period last year.

The recently acquired Ford Main Dealerships were producing good profits and preliminary figures showed that the group's operations as a whole were ahead of budget, he reported.

The results, he said, amply justified the intention to recommend dividends in respect of 1978 of 6.25p per Ordinary share, which would represent an increase of 27.2 per cent. on 1977.

Promising outlook for Currys

WITH MORE spending power in consumers' hands following the Budget, the prospects for the rest of the year at Currys look quite promising, Mr. Dennis Curry, the chairman, says in his annual statement. The company is now asking members to approve a savings-related share option scheme for employees.

A large number of employees will be eligible to participate in the scheme and options may be granted for shares representing up to 5 per cent. of issued capital.

Among the many groups of merchandise recently introduced or under examination for possible sale in the company's shops have been video cassette recorders, microwave ovens, Viewdata televisions and home computers, the chairman says.

In their continuing search for ways in which to make best use of the company's free assets the directors are in particular looking to acquire more freeholds either of new or of existing trading locations.

At the end of 1977-78 short-term deposits showed growth to £13.98m. (£8.7m.). This reflects in part the need to pay VAT on Christmas sales a few days after the end of the financial year. In addition credit sales have been taking a slowly declining percentage of total business and as a result the group's capital required in this respect has been lower than expected.

After an increased provision for unmatured profits of £1.28m. (£1.51m.) and surplus on property sales of £0.57m. this time, taxable profit for the year to January 25, 1978, improved marginally to £10.32m. (£10.09m.) on cash sales and receipts from credit trading amounting to £163.1m. (£144m.)—as reported April 18. The net dividend is stepped up to 4.53981p (4.06439p).

On a current cost basis profit is reduced to £6.47m. (£6.04m.) after additional depreciation of £1.45m. (£1.41m.) and extra cost of sales of £2.28m. (£2.71m.) and including a gearing adjustment of £68,000 (£317,000).

Net liquidity at year end was up £5.23m. (down £1.64m.) and future capital expenditure amounted to £1.82m. (£0.75m.) of which £1.38m. (£0.5m.) had been authorised but not contracted.

Trading in the period before Christmas proved to be more profitable than the directors had had reason to expect and this trend continued during January.

Meeting, Ealing, on June 5 at 12.30 p.m.

Williams of Cardiff ahead at halftime

On turnover up from £9.44m. to £10.41m., taxable profit of John Williams of Cardiff rose 20 per cent. from £375,000 to £450,000 in the March 31, 1978, half year. This was achieved despite the continuing adverse economic climate which restrained turnover, Mr. H. E. Williams, the chairman, says.

Looking to the second half, he is confident results will justify the faith shown by shareholders in its £0.57m. rights issue.

The half-year result is subject to tax of £234,000 (£195,000) and earnings per share are shown ahead from 3.12p to 3.43p. As forecast the interim dividend is up from 0.8p to 1p net per 25p share. Last year a 2.19p total was paid from record profits of £0.91m and a 1.75p final has been forecast for this year.

Mr. Williams says the £1m. shares and loan deal with the Welsh Development Agency to expand its foundry operations proceeded according to plan and was concluded after March 31, and therefore did not affect first-half results.

The foundry is continuing to make good progress, justifying the expansion programme.

The architectural products division is steadily improving its performance, while the steel service centres are still experiencing difficult conditions in the depressed world steel market. However, he is convinced the company's performance will compare favourably with that of its competitors.

LAMIT valuation

The £63.7m. Local Authorities' Property Fund has published a detailed valuation report following an independent revaluation of the fund's properties by Weatherall Green and Smith and Hillier Parker May and Rowden in February. The fund, which is managed by the Local Authorities Mutual Investment Trust, has restricted investments to British commercial property and now holds a portfolio valued at £56m. Because of the fall in prime property yields in the past year the fund has confined recent purchases to four shop and industrial properties costing a total of £2m. and showing an initial aggregate yield of 6.7 per cent., which is also now the annual running yield on the whole portfolio.

During the past year, to the end of February, 1978, the total return (capital plus income) on units has been 24.43 per cent. But the fund explains that the trend in unit values reflects the "abnormally unsettled conditions in the property market" since it was established six years ago.

Reliance Knitwear

Drewry and Edwards of Nottingham, a member of Reliance Knitwear Group, has purchased additional factory premises at 21-23, Castle Gate, Nottingham.

The factory, comprising some 18,500 square feet, is adjacent to existing premises owned by the company and has been acquired to provide additional production space for future expansion.

Ruberoid sees record year

Mr. Thomas Kenny, chairman of Ruberoid, the building products, specialist sub-contracting, paper and plastics group, said at the AGM that the group was budgeting for 1978 profits to exceed those of 1977. Up to the end of April 1978, profits are above budget and are comfortably higher than those for the same period last year."

BANK RETURN

	Wednesday May 10 1978 £	Inc. (+) or Dec. (−) for week £
BANKING DEPARTMENT		
LIABILITIES		
Capital	14,553,000	
Public Deposits	23,292,856	− 4,617,959
Special Deposits	1,256,362,000	
Bankers	422,398,652	+ 36,170,350
Reserves & other Accounts	[illegible]	[illegible]
	715,862,396	+ 11,095,810
	[illegible]	[illegible]
ASSETS		
Govt. Securities	1,361,816,067	+ 118,549,000
Advances & other Accounts	254,948,902	+ 49,493,651
Premises Equipment & other Secs.	[illegible]	[illegible]
Notes	[illegible]	[illegible]
Coin	[illegible]	[illegible]
	[illegible]	[illegible]
ISSUE DEPARTMENT		
LIABILITIES		
Notes Issued	[illegible]	[illegible]
In Circulation	[illegible]	[illegible]
In Bankg. Deprt.	[illegible]	[illegible]
ASSETS		
Govt. Debt	11,015,100	
Other Govt. Secs.	[illegible]	[illegible]
Other Securities	[illegible]	[illegible]
	[illegible]	[illegible]

P & O to reduce gas carrier fleet

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

P & O is to redress the imbalance in its bulk shipping operations caused by its heavy commitment in gas carriers.

Mr. Sandy Marshall, the company's managing director, said at the publication of the annual report yesterday that although the gas carrier fleet had broken even in 1977, a number of options were being considered to improve the position.

Because of severe overcapacity and dull trading conditions, the company's bulk-shipping division continues to provide most of P & O's problems. Gross revenue of the division fell from £43.9m. to £38.6m. last year, contributing £0.8m. to group profit against £8.2m. in 1976.

The gas carrier fleet, one of the biggest in the world, comprises eight vessels, with two more liquid petroleum gas carriers of 54,000 cubic metres each due for delivery from Thyssen of West Germany in 1978-79.

There is already considerable overcapacity in the LPG carrier market because of setbacks in a number of gas projects and uncertainty over gas import policies, although yesterday's report notes that there has been some recent, slight improvement in rates.

The company's plan will almost certainly involve straight sales of ships when the market is judged to be most favourable, although P&O has in the past considered joint venture companies with gas producers and gas importers and it may be that market conditions later this year will permit such an option. Another line of action has been to delay delivery of the new ships, each of which has a contract price in excess of $50m., but there is no intention of forcing any further delays.

In reviewing P & O's other activities, the Earl of Inchcape, chairman, says the policy is to move towards increasingly specialised areas of transport activity.

In general cargo, this has meant increasing the fleet's heavy-lift, container and *refrigerated goods* capacity. In 1977 this division increased its contribution to group profits from £32.7m. to £33.2m.

The European and air transport division, which has a wide range of short-sea ferry, road haulage and other transport interests, had an even better year, showing a 21 per cent. increase in turnover to £154m. and a growth in contribution to group profit from £6.1m. to £8.3m.

Earl Inchcape warns, however, that any substantial recovery in the shipping interests is dependent upon a recovery in world trade. He also strongly criticises governments for subsidising their shipbuilding industries to produce unwanted cheap ships and so prolonging overcapacity.

Referring to recent Government subsidies on orders won by British Shipbuilders from India and Poland, he writes: "It is vital that our Government uses its influence to secure some sanity in this matter. To plead that we are justified in our actions because if we do not do it someone else will is wholly irresponsible."

Last year, P & O estimates it contributed £150m. of the £1.5bn. contributed to the U.K. balance of payments by British shipping.

Government is also criticised for the Price Commission investigation into road haulage—an example of "unnecessary bureaucratic intervention"—and for the "tortuous negotiations" which have delayed progress in the Beatrice North Sea oil field in which P & O has a 15 per cent. stake.

Prior to the development of Beatrice, 70 per cent. of P & O's energy investments are in the U.S. The energy division failed to contribute to group profit last year (£0.8m. in 1976), mainly because of a weak market for submersibles in the North Sea.

On current year group profits the chairman said that on present indications these will be less than in 1977.

See Lex

MINING NEWS

Elandsrand is raising £48.5m. of new funds

BY PAUL CHEESERIGHT

THE SHAREHOLDERS of Elandsrand Gold are being asked for a further R77m. (£48.5m.) to cover the costs of bringing the mine to production by the middle of next year. The company is part of the Anglo American group in South Africa.

The total to be raised by a rights issue is announced by the company to-day but the terms of the offer will not be known for a fortnight.

The new shares will be listed in London and Johannesburg, but they will not be registered with the Securities Exchange Commission in Washington. U.S. shareholders wishing to take up the offer will have to do so through an independent merchant bank in London.

The necessity for a rights issue was made clear in March and the technical details to clear the way for it were settled when shareholders last month agreed to increase the authorised capital to R16m., divided into 80m. shares, each with a nominal value of 20 cents.

The latest reports from the mine have shown that construction is still running ahead of schedule, and if the target of mid-1979 for starting production is met, it will be about 18 months ahead of the original forecast.

But costs have continued to increase and this rights issue follows a call on shareholders for R60m. last year. In 1975 the cost of development was put at R127m. but, in line with the inflationary pressures faced by the whole of the South African gold industry, this figure has been raised to just under R200m.

In recent months the shares have moved quietly and when they closed yesterday at 197p they were close to the middle of their 1977-78 trading range.

Income jumps at Benguet

NET INCOME at Benguet Consolidated, the largest gold producer in the Philippines climbed by 76 per cent. in the 1978 first quarter, contrasting sharply with the experience of Atlas Consolidated, the country's biggest copper producer, where net profits fell by 96 per cent., writes Leo Gonzaga from Manila.

Benguet earned Pesos 27.7m. (£2.06m.) in the three months to March, compared with Pesos 15.7m. in the same period of 1977. The reason was not mining as such but a vigorous performance from its 86.5 per cent. owned construction subsidiary, Engineering Equipment. There net income rose 164 per cent. to Pesos 33m.

On the other hand, Atlas had to cope with a 35 per cent. rise in operating costs which more than offset the 8 per cent. increase in revenue from copper concentrate exports. The group's net income in the March quarter was Pesos 1.66m. (£123,975) against Pesos 42.4m. in the 1977 first quarter.

Marcopper, another copper producer, was helped by inventory sales of concentrates which pushed gross revenues in the March quarter to Pesos 123.8m from Pesos 94.8m. in the first three months of 1977.

First quarter net income at Pesos 24.7m. (£1.84m.) was nearly a third higher than in the comparable period of last year, when the total was Pesos 18.7m.

Expansion at C. & W. Walker

PRE-TAX profits of C. and W. Walker Holdings, specialist engineering group, expanded from £596,873 to a record £746,717 for the 32 weeks to January 28, 1978, *on turnover of £6.11m. against* £3.26m.

At halfway profit was ahead from £246,000 to £328,000. The directors said that the group had moved into a position where considerable working capital resources were available, and given stable trading conditions the future of the group could be viewed with confidence.

On increased capital from last year's rights issue stated earnings are 21.2p (19p) per 25p share and the dividend is raised from 2.949p to 6p net with a final of 3.5p, as forecast.

	52 weeks 1977-78 £	1976-77 £
Turnover	6,196,614	5,263,732
Trading profit	871,088	655,281
Interest	15,116	4,840
Depreciation	89,485	53,568
Profit before tax	746,717	596,873
Tax	404,890	321,700
Available	341,827	275,173
Dividends	104,254	38,171

London and European back to dividends

Including two months results from O. C. Summers (Holdings) and six months from New Bridge Holdings, London and European Group recovered from a £166,000 loss to a £353,000 pre-tax profit in 1977.

At halfway the group had turned round from a £0.87m deficit to a £133,000 surplus. After a two-year break, dividend has been restored with a 0.5p net per 10p share final.

Mr. J. G. McGuckian, the chairman, is confident progress will continue in 1978, and subject to unforeseen circumstances expects higher profits and dividends at its completion.

Turnover of the property investment and dealing and merchant banking group was £3.61m (£2.09m.) and the result is subject to tax of £30,000 (£86,000). Minority interests took £1,000 and there were extraordinary debits of £67,000 (£761,000).

Earnings per share are shown at 2.7p against a 2.1p loss.

Advance by Atlas Electric

Gross income for the year to March 31, 1978 at Atlas Electric and Geenral Trust rose from £4.13m. to £4.73m. and net revenue advanced from £1.95m. to £2.37m. after tax of £1.33m. compared with £1.14m.

Earnings are shown at 2.06p (1.67p) per 25p share and the dividend total is raised from 1.6p to 1.9p net with a final of 1.3p. It is intended to pay an interim of 0.75p in December to reduce disparity with the final.

The net asset value is shown at 79p (68p) per share.

A good start at Eldorado

ELDORADO NUCLEAR, the Canadian state-owned uranium mining and processing group, has made a fast start to the year with a sharp increase in earnings, *reports John Soganich from Toronto.*

Net income in the first three months of this year was C$12m (£5.86m.) on revenue of C$44m, compared with earnings of C$1.5m. on a revenue of C$15m. in the same period of 1977.

Most of the improvement came from an extraordinary sale of uranium oxide concentrates at world market prices. Recent market levels have been around US$43 a pound.

The group explained that the concentrates "were made available" by special arrangements, including the postponement or cancellation by some customers of near-term deliveries due under existing long-term contracts.

Meanwhile Eldorado is pushing ahead with expansion plans. There are plans to build a new refinery in Ontario to meet both rising world demand for uranium hexafluoride and the need for Canadian capacity to process domestic mine production.

This year the group is spending C$26m on expansion of operations at Beaverlodge in Saskatchewan and is, in addition, pushing on with a C$91m growth programme for 1978-79 at the Port Hope refinery in Ontario.

TCL steers a steady course

THE INTERIM DIVIDEND at Transvaal Consolidated Land and Exploration, the Barlow Rand group's investment and diversified mining group, is being raised to 35 cents (22p) from 30 cents last year, when the total payment was 95 cents.

The declaration accompanied the publication yesterday of net profits for the six months to March of R17.9m. (£11.3m.), compared with R15.7m. in the same period of 1976-77.

The steadiness of the performance reflects the comment made by Mr. A. C. Petersen, the chairman, last November to the effect that there would not be any marked improvement in profits this year, but that earnings growth should resume in 1979.

The lack of any drastic change *in the profits left the shares un*changed in London yesterday at £13½.

The group's investments spread through gold, uranium, platinum, chrome and timber but it was the collieries who accounted mainly for the increase in turnover to R68.7m. from R57.69m. The revenue from coal exports improved.

Prospects for the rest of the year are sufficiently encouraging for the group to indicate that the final dividend will be slightly higher than last year, bringing the total to not less than 105 cents.

TCL's capital expenditure in the first half was R28m. and there are plans for spending R134m. over the next five years. This will be met from the group's earnings and from finance it has already arranged.

MINING BRIEFS

MOUNT ISA MINES—Production from April 10 to May 7. Lead or treated 169,737 tonnes, produced 11,700 tonnes crude lead and 13,530 tonnes zinc concentrates. Copper ore treated 385,080 tonnes, produced 12,020 tonnes blister copper.

ROUND-UP

The Fiji Government's negotiations with Emperor Mines of Australia on the takeover of the Vatukoula gold mine have broken down on the question of a purchase price, Sir Vijay Singh, the Economic Planning Minister, said in Suva. The mine is currently at a standstill because of a dispute on a pay claim.

* * *

The demand for Swedish iron ore has been increasing in recent weeks, partly, it is thought, because of a shortfall in Canadian deliveries, writes John Walker from Stockholm. LKAB, the state group, is expecting to boost shipments from Narvik, despite the fact that the port's capacity is stretched to the limit. Shipments this year could be 1.5m. tonnes up on 1977 at 20.5m. tonnes.

* * *

Ocean Minerals, the consortium formed by Lockheed, Amoco, Billiton and Bos Kalis Westminster, is starting a new phase of seabed exploration with an 11-month survey of manganese nodule deposits in the Pacific Ocean.

* * *

Hunting Geology and Geophysics of Borehamwood have been awarded a second contract by AGIP, the Italian state group, to undertake airborne spectrometer surveying in northern Italy and Sardinia to locate uranium deposits.

* * *

Production at the Anglo American group's Free State Saaiplaas gold mine in South Africa has been cut by between 10 and 20 per cent. because of smoke from a fire which started in a part of the mine which was not being worked.

THAI ZINC PLAN IS CHANGED

Thai Zinc, the subsidiary of New Jersey Zinc, is seeking to withdraw from a major project being developed in the Northern Tak province of Thailand, near the Burmese border.

Mr. Kasem Chatikavanit, the Thai Industry Minister, yesterday said that there had been informal discussions with Thai Zinc, which had expressed a desire to pull out in favour of another company. The name of the replacement company was not mentioned.

In July last year Thai Zinc signed an agreement with the Thai Government. This gave the company a zinc mining concession and it was planned to build a $90m. smelter to process the ore. The agreement provided for the sharing of profits between the state and the company.

The refinery's capacity at 60,000 tons a year would be the largest in South East Asia.

MONEY MARKET

Continued apprehension

Bank of England Minimum Lending Rate 8¾ per cent. (since May 5, 1978)

Discount houses remained apprehensive about the outcome of to-day's Treasury bill tender. However, lacking any clear signal from the authorities in yesterday's market, sentiment seems to be more inclined towards an MLR of 9 per cent. or even a repeat of 8¾ per cent. Discount houses buying rates for three-month Treasury bills stood between 8⅝ per cent. and 8¾ per cent. indicating a possible rise in MLR, under the normal market related formula, to between 9 per cent. and 9¼ per cent.

Day to day credit was on the short side giving the Bank of England an opportunity to alleviate the shortage by buying a large amount of Treasury bills direct from the houses and a small number of local authority bills. The total support was termed as large and appeared to be slightly overdone.

The market was helped by a fall in the note circulation and banks brought forward balances well above target. However, there was a sizeable take-up of Treasury bills in addition to the repayment of moderate advances made to the market seven days previously.

Discount houses paid 6¼-6¾ per cent. for secured call loans at the start but closing balances were taken anywhere between 2 per cent. and 5 per cent. In the interbank market overnight loans opened at 6¼-6¾ per cent. and on the forecast of a shortage, firmed up to around 6¾ per cent. with business touching 7 per cent. Rates tended to ease after lunch down to 6-6¾ per cent. before tailing off at the close to 2-3 per cent.

Rates in the table below are nominal in some cases.

May 11 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	2-7	—	—	—	7-7⅛	2-6⅝	—	—	—
2 days notice	—	—	7⅝-8	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	8⅛-8½	—	—	—	—
7 days notice	—	7⅝-7⅞	8-8½	—	8⅛-8¾	9⅛	6¼-7¼	—	—	—
One month	8⅝-8⅜	8 11/16-8⅞	8¾-9	8⅞-8½	8¾-9	9⅞	7⅞	8¼-8 7/16	8½-8 7/16	9
Two months	9-9¼	9-9⅛	—	9-8⅝	9-9¼	—	8⅛	8⅝-8 7/16	8⅞	9⅛
Three months	9¼-9 7/16	9⅛-9 5/16	9-9⅛	9-8⅝	9⅜-9⅝	—	8¼	8 5/16-8⅞	9	9¼
Six months	9¾-9½	9⅜-9 9/16	9-9½	9⅛-8¾	9¾-10	—	—	—	9¼-9 9/16	9½
Nine months	9 11/16-9⅞	9 11/16-9 15/16	—	9¾-9⅝	10¼	—	—	—	—	—
One year	9⅞-9⅝	9 13/16-10	9⅝-10	9¾-9⅝	10¾	—	—	—	—	—
Two years	—	—	10⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 11¼-11½ per cent.; four years 11¾-12 per cent.; five years 12-12¼ per cent. ф Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9 3/16 per cent.; four-month trade bill 9⅝ per cent. Approximate selling rates for one-month Treasury bills 7 13/16-8 per cent.; two-month 8-8⅛ per cent. and three-month 8 3/16-8¾ per cent. Approximate selling rate for one-month bank bills 8¼-8 5/16 per cent.; two-month 8¼-8 11/16 per cent.; and three-month 8 15/16-8¾ per cent. One-month trade bills 8¾ per cent.; two-month 9 per cent.; and also three-month 9¼ per cent. Finance House Base Rates (published by the Finance Houses Association) 7½ per cent. from May 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 5 per cent. Clearing Banks Base Rates for lending 9 per cent. Treasury Bills: Average tender rates of discount 8.2257 per cent.

Thomson Org. sees growth and plans to invest heavily

FURTHER SIGNIFICANT growth in earnings is anticipated by Thomson Organisation for the current year and from existing activities alone the directors expect to sustain a record capital spending programme from internally generated cash flows, Mr. G. C. Brunton, the chief executive, tells members.

Even so 1978 will not reflect to the full the benefits of major modernisation and capital investment carried out in recent years. Since 1970 the group has invested over £90m. in an increasing build-up of its capital assets in the U.K. excluding the cost of acquisitions. Including investment by Thomson North Sea the total rises to some £300m.

Capital expenditure committed at the end of 1977 amounted to £19.43m. (£13.23m.) of which £16.09m. (£8.23m.) had been authorised but not contracted.

Thomson Regional Newspapers, Thomson Publications and Thomson Yellow Pages seem well set for a successful year with advertising revenues rising, and current indications are for an exceptionally strong performance by the travel companies. Bookings are very good and load factors should be high. Acquisition of two additional aircraft from Britannia Airways has been agreed and they will be delivered during the year, Mr. Brunton reports.

He points out that Times Newspapers will introduce new technology during the year. Compulsory redundancies will not be involved but he warns that should there be dislocation during the change-over it must inevitably affect the directors' judgment as to the extent of further investment in this subsidiary, where a major need for the future is the expansion of capacity to serve the marketing potential of The Times, The Sunday Times, the supplements and future developments.

"New equipment and modern methods in our newspaper activities will continue to give us the opportunity of reducing costs and creating new market opportunities to achieve significant growth in this, our traditional business," Mr. Brunton says.

A high priority will continue to be given to investment in the group's existing U.K. businesses in the newspaper, communication, and information sectors, but there are constraints in terms of size and market penetration and it will not be possible to develop on the scale envisaged solely in this country. The directors therefore anticipate that the overseas interests of the company will be expanded very considerably over the next decade.

North Sea oil cash flows should exceed the reinvestment needs and the scheduled debt repayment during 1978. This may enable the directors to take advantage of the company's rights under the option arrangements in this arrangement the company the foreseeable future. Under this arrangement the company has the right to acquire 90 per cent. of the 20 per cent. interest held by Thomson Scottish Associates in the Occidental North Sea Consortium.

"We may assume that for the next three or four years we shall maintain good earnings growth from our existing activities and oil interests, thus enabling us to take the medium- and long-term view in planning the new investment opportunities," Mr. Brunton says.

If no further commercial discoveries are made the oil interests will, after peaking, start a progressive decline in production during the 1980s.

Profit before tax in 1977 advanced to £19.57m. (£15.18m.) on turnover of £332.7m. (£284.5m.) and the net dividend is effectively raised to 1.90949p (1.77979p)—as reported April 1.

Net liquid funds at year end were up £7.18m. (down £37,000) with bank balances and cash ahead at £5.37m. (£1.71m.) and bank overdrafts and loans cut to £3.99m. (£7.31m.). Charitable donations amounted to £59,000 (£23,000). No political contributions were made.

The company has close status and the ultimate holding company is Thomson Equitable Corporation of Toronto.

An analysis of turnover and trading profit of £22.54m. (£17.1m.) shows with £000s omitted: national newspapers £41,766 (£33,747) and £1,882 (loss £1,470); regional newspapers £77,813 (£65,083) and £9,596 (£5,584); publishing £71,829 (£65,480) and £8,002 (£6,559); travel £123,999 (£105,693) and £4,123 (£7,304) and other activities £17,273 (£14,538) and £539 (£447). Less unallocated costs of £1,621 (£1,321). Exports amounted to £13.93m. (£10.81m.).

The Times achieved a turnround from a trading loss of £899,000 to a profit of £24,000 and it is expected that during 1978 financial responsibility for the newspaper will revert from the Thomson family back to Thomson Organisation.

The Sunday Times improved trading profit by £2.6m. and for Times Newspapers, excluding The Times, there was recovery at the trading level from a £1.5m. deficit to £1.9m. surplus.

"Nevertheless our national newspaper are still not providing an adequate return by normally commercially accepted standards," Mr. Brunton comments. He adds that 1977 saw an unprecedente wave of industrial disputes. The cost of these to Times Newspapers was around £1.1m.

A professional revaluation of the group's major U.K. properties resulted in a £10.3m. surplus over net book value which has been credited to reserves.

A change in the basis of accounting at Thomson Yellow Pages to reflect more realistically its terms of business reduced trading profit by about £1m.

Meeting, 4, Stratford Place, W., at noon.

Wood Hall downgrades forecast

ON LOWER turnover of £199m. against £205m. pre-tax profits of Wood Hall Trust fell from £2.08m. to £1.98m. in the half year to end 1977.

However, after lower tax of £747,000 (£1.31m.), minorities of £235,000 (£161,000 and extraordinary profits of £1.35m. (£66,000, the attributable balance is ahead from £0.68m. to £2.34m.

Mr. Michael Richards, the chairman, says profits for the half year are disappointing but should not be treated as indicative for the full year. This year for reasons related to the businesses of certain members, second-half profits should show an appreciable improvement over those for the first. However, full-year profits will fall short of the expectation that they would be comparable to those shown last year for the continuing operations, that is, £6.512m. before deduction of the loss of £2.29m. for the discontinued operations of Wood Hall, Australia.

Returns and estimates indicate that full-year profits, after expenses but before tax and minority interests, should be in the order of £4.75m.

In addition, extraordinary profits will be increased by, in particular, realisations from discontinued operations of Wood Hall, Australia, to over £1.75m.

The directors expect to recommend a maximum permitted dividend equal, assuming the tax rate at 34 per cent., to 32.27 per cent. (20.54 per cent.) gross.

On Wood Hall Australia the chairman says that half-year profits from continuing operations were restored from the low for the 1976 half year, when a substantial provision was made for its share of the loss on the Wollert to Albury pipeline contract, to approximately the average of the profits shown by the four comparable first halves of 1972 to 1975 inclusive.

In April, 1978, after the commencement of arbitration proceedings, a settlement was reached at A$1.2m., as compared with the loss incurred of about A$2.0m., of the claims, for which no value had been taken, under the Wollert to Albury pipeline contract. After deduction of the substantial costs incurred, a sum of over A$800,000, being exceptional profit, will accrue to Wood Hall in respect of its share (70 per cent.) in the contract.

The position of the Gidgealpa/Sydney pipeline contract remains substantially the same as given in the 1977 accounts. The proceedings instituted against the Pipeline Authority, claiming amounts in excess of the unrecovered costs (A$13.232m. at December 31, 1977) cannot, apparently, be expedited and it is unlikely that a date for hearing by the court will be fixed before mid-1979. It is still impossible to assess what sums will be recovered under the claims made and, as has applied for the last two years, the unrecovered costs have been carried forward and the contract treated as a no-profit no-loss situation

	Six months 1977	1976
	£000	£000
Turnover	198,936	204,551
Profit before tax	1,977	2,080
U.K. tax	262	722
Overseas tax	*485	589
Net profit	1,230	775
Minority interests	235	161
Extraordinary profits†	1,345	66
Attributable	2,340	680

Figures for 1976 include £5.379m. for turnover and £1.08m. for losses of three operations (gas and oil pipelaying, property development and coal mining at Collinsville, Queensland) discontinued by Wood Hall Australia later in the 1977 year. If the 1976 half-year figures were adjusted to exclude the amounts relating to the discontinued operations of Wood Hall, turnover would be £199.193m. and the profits before tax £3.17m. No similar amounts are included in 1977 half-year figures but a small exceptional profit from the discontinued operations of £0.075m. is included in the total for extraordinary items. * Abnormally low because liability of Wood Hall, Australia will be reduced by available losses brought forward. † Major profits are the capital profits realised from the sales of the shareholdings in Joseph Turnbull and Co. £0.87m. and the share capital of Matthew White and Co. £0.25m.

Singer and Friedlander

The Singer and Friedlander European Property Trust is to make a third issue of units on June 16. The Trust, which has built up a European property portfolio currently valued at £6.7m., is making the new issue at £1.096 per unit with a minimum subscription of 50 units for new applicants.

For the first two years of the fund, which started in September 1973, the managers, Singer Allsop Property Management, decided that conditions in the European property market were too volatile to justify investment. But since mid-1975 four properties—freehold offices and shops in Holland, warehouses and offices in Belgium and Frankfurt offices—have been acquired. In the past year the yield on funds subscribed has been 9.73 per cent., before deducting tax which is reclaimable by its exempt pension fund unit holders.

Bonus declarations

Friends' Provident Life Office, is lifting the interim reversionary bonus rates on its retirement benefit schemes and self-employed pension policies, thereby enhancing the competitive position of the company. On the executive benegt contracts the new interim rate is £8 per cent. per annum of the basic benefit and attaching bonuses from £7.75 per cent. and on personal pensions for the self-employed, the new rate is £5.30 per cent. per annum compound against £5 per cent.

Reliance-Mutual Insurance Society has lifted its reversionary endowment bonus rate for Ordinary Branch contracts to £3.75 per cent. per anumn for the three years to December 31, 1977, from £3.25 per cent., while new rate for whole life contracts is £4 per cent. per annum compound. Other rates are also improved.

In Industrial Branch business, there has been an all round improvement in bonus rates, the main class of business having its rate lifted to £3.50 per cent. per annum of the sum assured from £3 per cent.

Pioneer Mutual Insurance Company has also announced rates of bonus for 1977. On conventional with-profit contracts the rate is improved to £5 per cent. of the sum assured fro £4.50 per cent. On index-linked policies, a bonus share allocation of 3.14 per cent. of shares previously issued is being declared with pro rata allocation on shares issued during 1977. On pre-merger contracts, the bonuses on being raised by about 10 per cent.

BIDS AND DEALS

Directors' share sale triggered bid for W. Henshall

BY CHRISTINE MOIR

THE 400 or so members of the public who own shares in W. Henshall and Sons (Addlestone), the aircraft interior fitters, may be interested in knowing where Bovbourne acquired its 50 per cent. stake which triggered off Tuesday's 20p per share bid.

It emerged yesterday that, apart from 2,000 or so shares which Bovbourne bought in the market, the rest of the stake came from three major shareholders including a member of the Board and the widow of the past chairman.

The third shareholder was the institutional investor, Estate Duties Investment Trust which held 12.3 per cent. of the equity.

The Board member was Mr. Phillip Henshall, a son of one of the three brothers who founded the firm. He sold Bovbourne his 18.8 per cent. stake. Mrs. R. V. Henshall disposed of around 12 per cent.

Together this gave Bovbourne just over 50 per cent. of the shares making a bid a technical shut-out. And it was done without knowledge of the Board on which Mr. Phillip Henshall was a director until his resignation which takes effect from Tuesday.

The Board has now placed the matter in the hands of its financial advisors, Barclays Merchant Bank, which is advising shareholders to take no action for the moment.

Last year Henshall, whose main subsidiary is Fliteform, manufacturers of aircraft interior equipment to a British Airways approved design (which would fit in neatly with Bovbourne's own interests), produced pre-tax profits of only £93 compared with a record £134,000 the previous year.

Since then, however, the half-year figures for 1978 show a recovery to £73,414 (£12,000 above the comparable period). Figures for the full year to March 31 are not yet available and the company can as yet give no indication of prospects for the year with nearly 11 months still to go.

The bid values Henshall at £½m. compared with assets of £700,000 in the last balance sheet.

BABCOCK DISPOSES OF HARDSTOCK TO CRUDENS

Babcock and Wilcox has agreed to pay Crudens an undisclosed fee to take the Scottish operations of Hardstock. This follows Babcock and Wilcox's recent announcement that Hardstock would not be accepting any new contracts and would be terminating its activities on completion of its present commitments.

Hardstock is a contract house builder. The subsidiaries to be sold are Hardstock (Scotland) and Comfort Systems (Scotland). Crudens, a private company based in Musselburgh, intends to continue the business.

Mr. T. Carlile, managing director of Babcock and Wilcox, said yesterday that this was a good solution to the problem, B and W's liabilities in regard to Hardstock's Scottish side were now limited. He hoped a similar deal could be achieved for the equivalent English operation.

Babcock also announced yesterday the purchase of 80 per cent. of Duker Projekten BV for an undisclosed sum. DP employs 40 people and is engaged in design, engineering and contracting of combustion equipment and systems for liquid and gaseous fuels. The remaining 20 per cent. of the company will be acquired over the next two years.

HEPWORTH/JOHNSON RICHARD S

The formal offer by Hepworth Ceramics Holdings for H. and R. Johnson-Richards Tiles giving the increased offer has been issued. Acceptances of Hepworth's original Ordinary offer has been received in respect of 2,279,238 (10.4 per cent.) Ordinary shares. Preference offer acceptances have been recieved in respect of 57,582 5 per cent. red. cum. Pref. shares (32.3 per cent.).

The Board of Johnson-Richards are to accept offers in respect of 6,796 Ordinary shares and 2,650 Preference shares.

Jove offers £5m. for Kingside

Jove Investment Trust, whose last balance sheet disclosed net assets of £955,000, is making an agreed bid for Kingside Investment which has assets nearly 5½ times greater.

The offer terms are 7 Jove units (each comprising one capital unit and one income unit) for every six Kingside. On current market prices the offer places a value of 61.54p on each Kingside share. There is a cash alternative of 57.16p which values Kingside at £5.1m.

The announcement made yesterday explains that the offer price compares with unaudited management figures as at April 28 which show net assets of "slightly more than 60p" per Kingside share.

Kingside's Board and advisors say that they [illegible] be fair and intend to accept on behalf of their own 40.95 per cent. shareholdings.

As part of the deal Kingside has agreed in principle to sell its subsidiary, National and Foreign Securities Trust, for £320,000 in cash. Jove's offer is conditional on this sale being carried out in a form it approves.

JOKAI TEA —LONGBOURNE MERGER TERMS

Jokai Tea Holdings and Longbourne Holdings, two companies in the Camellia Investments camp, yesterday released the terms of their merger which was announced early last month.

A new company, Lawrie Plantations Holdings, will be formed. Jokai shareholders will receive one share in it for every one they hold in Jokai. Longbourne Holdings shareholders will get 11 LPH shares for every 10 in Longbourne.

The substantial holdings which Jokai and Longbourne have in each other will be cancelled, as will the holding British Indian Tea (Holdings), a subsidiary of Longbourne, has in its parent.

Mr. Grant of Duncan Lawrie, adviser to LPH, yesterday enumerated several reasons for the merger. The companies have directors in common, they work very closely together and own shares in each other. Moreover the combined group would have more widely spread geographical, political and crop risks. Jokai's main interests are in India and Malawi, while Longbourne's are in Bangladesh. Finally, the larger size of the combined group would make the shares more marketable.

The diversification of risk is a common aim among plantation companies at present. But the uncertainties regarding remittances of profits in some countries can make valuation of the component parts difficult. And in this case the unfinished Indianisation of part of Longbourne could have made the fixing of fair terms particularly hazardous.

FAIRDALE BUYS BUTTON BROS.

Fairdale Textiles has acquired the capital of Button Brothers of Luton and Harpenden for £167,470, subject to a retention of £6,000.

It is anticipated that the acquisition of the retail menswear and ladies wear businesses carried on by Button will contribute to the group's profitability.

Pre-tax profit of Button for period March 1-October 1, 1977, was £27,814 and net assets as at October 1 were £205,018. The profit includes charges for rents paid which are at less than current market rentals.

ASSOCIATES DEALS

Sheppards and Chase bought on May 9 25,000 Wheatsheaf Distribution and Trading Ordinary shares (assented) at 189p, and 25,000 (non-assented) at 187p on behalf of associates.

Laing and Cruickshank on May 10 purchased 25,000 Linfood Holdings Ordinary shares at 134p for a subsidiary of Guinness Peat Group.

Cazenove and Co. purchased for the account of the trustees of Northern Foods superannuation fund 15,000 Pork Farms Ordinary shares at 665p.

Baring Brothers and Co. purchased 10,000 Ordinary shares in Harrisons and Crosfield at £41⁵⁄₁₆ for discretionary investment clients.

JAMAICA SUGAR

The Jamaican government-owned National Sugar Company is prepared to acquire Jamaica Sugar Estates' sugar assets.

Terms have now been ratified, but there is one area of difficulty which, until satisfactorily resolved, prevents the JSE directors from placing the proposals before shareholders.

The Board is actively pursuing this problem, but because of the difficult and delicate nature are not yet in a position to announce the proposals

The accounts for year to Sentember 30, 1977 are in an advanced state of preparation and will be circulated along with the proposals.

AGB EXPANDS

AGB Research has concluded its negotiations, anounced in February, to buy the trade and technical publishing interests of the Mercury House Group. The consideration is to £757,375 cash and AGB has also bought Arthur J. Heighway Publications for £75,000 cash.

AGB believes that this expansion of its publishing interests will add significantly to the overall strength of the group. A circular giving further details will be sent to shareholders soon.

SHARE STAKES

Danish Bacon Company:—Previous announcements have not differentiated between "A" Ordinary and "B" Ordinary shares. "A" and "B" rank pari passu but the "B" are not listed. Amended holdings as follows: "A" Ordinary shares—Equitable Life Assurance Society 171,250 shares (9.9 per cent.); Lloyds Bank S. F. Nominees 90,000 shares (5.2 per cent.); "B" Ordinary shares—Andelselskabet Expo-Fyn 137,125 shares (5.6 per cent.); Forenade Andelslagteri Hjorring 168,965 shares (6.9 per cent.); Forenade Andelslagteri Ejaellandske 406,015 shares (16.7 per cent); O Stjyske Andelsslagteri 147,905 shares (6.1 per cent.); Sydvestjyske Andelsslagteriens Esbjerg 145,847 shares (6 per cent); Sydostjyske Andelsslagteriens Kolding 133,410 shares (5.5 per cent); and Tulip Slagterierne Viele 323,723 shares (13.3 per cent.).

Siemssen Hunter:—Mr. K. Ball, director, sold 9,500 shares on May 4 I.T.C. Pension trust jointly with the ITC Pension investments holds 302,400 shares (5.31 per cent.).

Cosalt:—Mr. J. M. T. Ross, director, sold 23,000 shares.

United Tin Areas:—Mr. E. M. S. Abraham with his wife and family trust controls 44,000 shares (5.26 per cent.).

Hareros Investment Trust: Harrisons and Crosfield's interest is now 46,844,610 shares—82.12 per cent. (previously 81.14 per cent.).

FMC: NFU Development Trust has bought 25,200 shares. Total holding 7,326,373 shares.

Malaysia Rubber Co.: Kinta Kellas Rubber Estates has acquired 10,000 shares making total interest 335,000 shares (18.61 per cent.).

Watmoughs (Holdings): Mr. P. G. Walker, director, has sold 7,000 shares at 87.625p and J. E. Watmough, director, has sold 20,000 shares from family holding at 87.625p.

Allied Insulators: Mr. A. Lloyd, director, has sold 5,000 shares at 74p, holding now 21,710 shares (0.241 per cent.).

METALRAX AHEAD IN FIRST QUARTER

With turnover and profits for the first quarter "comfortably ahead" of last year's figures another record first half is forecast for Metalrax (Holdings), the Birmingham-based engineering group.

No money for Fairey holders

Shareholders in Fairey Company have lost their investment. The issued capital of the light aircraft manufacturing company is £6,313,453 and another £24.7m. is due to creditors, but assets have so far realised only £16.3m. with a further £5m. expected, a creditors meeting was told in London.

Mr. Leslie Bates the Official Receiver said that most of the assets would go to preferential creditors and debenture holders. An estimated £4.9m. was expected to be available for distribution to unsecured creditors owed £11.4m.

Mr. Bates told the meeting that by 1960 the company had become the holding company for a group which, although its principal business was aircraft construction (including guided missiles), had diversified through subsidiaries into small craft and powered boat building, nuclear and other engineering, hydraulics, filtration, and air surveys.

Between 1960 and 1962 the U.K. aircraft industry was rationalised, resulting in the disposal of the company's aircraft and guided missile production.

With the loss of its principal employment, the company developed its other enterorises by promoting further subsidiaries.

One of the subsidiaries was involved in aircraft production in Belgium and profitability was affected by adverse exchange rates between the Belgian and French francs. When it became necessary to borrow substantial sums for production in Belgium there were considerable delays in obtaining the money.

The company was also said to have lost heavily on the purchase and subsequent re-sale of light aircraft manufacturers, Britten-Norman (Bembridge).

Mr. Bates said that from the spring of 1976 aircraft sales declined and by January, 1977, the company had between £7m. and £8m. of unsold stock on hand. That was about four times the normal stock.

A resolution was passed for the appointment of chartered accountants Kenneth Cork and Gerhard Weiss, both of W. H. Cork, Gully and Co., as joint liquidators.

Brycourt Invs. pays interim

Income for the six months to March 31, 1978 at Brycourt Investments fell from £299,079 to £276,495 but after low interest, management charges, and tax, of £140,317 against £197,746, net profits were ahead from £101,333 to £129,978.

As forecast the company is starting interim dividends. The first payment is 1p net per 50p share. Last years single final payment was 2.145p and net profits were £220,609. The directors are forecasting a gross total of 3.73p (3.25p) for the current year.

In spite of generally lower markets, the security portfolio, plus parent company net current assets, was down by only 1¾ per cent. at £8,119,640. On a consolidated basis, including the property portfolio, and after deducting the bank borrowing and the dollar loan at its full repayment value of £1,075,269, net assets are £7,883,347 or 112½p per share, an increase of 2 per cent. on the end September 1977 figure of 110p.

The Stevenage property was sold during the period and as a result, reserves have been credited with £236,703.

The slight reduction in gross income reflects the cessation during the period of rent from the Stevenage property but this has been more than compensated at the net level by the reduction in interest charges.

Sunlight Service ahead to peak £813,878

AFTER RISING some £110,000 to £289,944 at halfway, taxable profit of Sunlight Service Group ended 1977 ahead from £621,336 to a peak of £813,878. Turnover in the period was £12.45m., compared with £9.56m. previously.

Directors say that in 1977 the group completed the final stages of its reorganisation programme which involved the closure of further companies.

The £73,709 net cost of this operation has been deducted from the revenue reserve.

A final dividend of 0.78211p net per 10p share takes the total for the year from 1.03276p to a maximum permitted 1.14148p. Earnings per share are shown at 4.32p (3.48p).

Net profit for the year was £438,469 (£358,431) after tax of £375,409 (£262,905).

Proposals are to be submitted to shareholders of the laundry and dry cleaning group for the adoption of a modern set of Articles of Association. It is also proposed to vary the rights attaching to its 5.25p per cent. cumulative preference capital, and to raise the dividend rates on these shares by one per cent.

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Tobacco	+12.03	Consumer Goods (non-Durable)	− 0.37
Overseas Traders	+10.83	Industrial Group	− 0.44
Newspapers and Publishing	+ 8.72	Banks	− 0.73
Gold Mines FT	+ 8.18	Building Materials	− 0.79
Textiles	+ 7.18	Insurance (Life)	− 1.11
Office Equipment	+ 6.29	Entertainment and Catering	− 1.38
Mining Finance	+ 4.97	Investment Trusts	− 1.46
Metal and Metal Forming	+ 4.76	Other Groups	− 1.92
Electricals	+ 4.62	Chemicals	− 2.10
Motors and Distributors	+ 4.38	Pharmaceutical Products	− 2.99
Mechanical Engineering	+ 3.72	Financial Group	− 3.79
Engineering Contractors	+ 3.50	Merchant Banks	− 4.26
Breweries	+ 3.29	Food Manufacturing	− 4.38
Oils	+ 3.11	Insurance (Composite)	− 5.18
Packaging and Paper	+ 1.78	Stores	− 5.37
Contracting and Construction	+ 1.55	Household Goods	− 6.11
Insurance Brokers	+ 1.51	Shipping	− 7.57
Wines and Spirits	+ 1.22	Food Retailing	− 8.95
Toys and Games	+ 0.97	Property	− 9.37
Consumer Goods (Durable) Group	+ 0.96	Discount Houses	−10.09
Capital Goods Group	+ 0.61	Hire Purchase	−14.94
500 Share Index	+ 0.18		
Electronics, Radio and TV	− 0.06		
All-Share Index	− 0.36		

† Percentage changes based on Tuesday, May 9, 1978, indices

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Beneficial ahead in first quarter

Beneficial Corporation, the major consumer credit concern, raised its net income for the first quarter of this year by 10.7 per cent. to $27.7m. On a fully diluted basis, this brings net per share to $1.17 against the $1.01 for the same period of last year. Average shares outstanding increased from 21.7m. to 22m., agencies report from Wilmington.

Sunbeam upsurge

With all operating sections ahead and "strong" demand continuing, Sunbeam Corporation, the appliance maker reports net earnings 6 per cent. higher at $46m. or $3.11 per share for the year to March 25, against $3.01 in the previous year, agencies report. After currency translations, the net comes to $3.01 against $2.37.

Combined Insurance

Predicting new peaks this year for premiums, profits and dividends, Combined Insurance Company of America reports first quarter income before investment gains at $14.1m. Investment income was $11.3m. and income per share came to 53 cents against 47 cents for the same period of last year. Agencies report.

Shipbuilding rise

Overseas Shipholding Group, the shipping concern, reports first quarter net profit ahead by 18 per cent. at $15m., or $1.23 against $1.03 for the same period a year ago. The figure includes an unrealised gain of $509,000 on currency translation for the latest period against a loss of $162,000 the previous year. The result came on the back of an 8 per cent. rise in revenue to $54.7m., Agencies report from New York.

Bangor Punta

Bangor Punta Corporation, the diversified maker of leisure, security, agricultural and furnace equipment boosted net profit by 29 per cent. in the second quarter to $5.3m. on sales some 8 per cent. ahead at $151m. Fully diluted, the per share net comes out at 89 cents against 70 cents for the same period last year. Agencies report from Greenwich.

NW Steel

Well on the way back after the profit fall in 1976, Northwestern Steel and Wire reports net profit for the third quarter almost 130 per cent. ahead at $8m., to give $1.06 per share against the 47 cents for the same period of last year, Agencies report from Sterling. Sales for the period were 37 per cent. ahead at $103.7m.

Reynolds Metals plans to make steel beverage cans

BY DAVID LASCELLES

NEW YORK, May 11.

THE aluminium industry was thrown into some confusion today by an announcement from Reynolds Metals, the country's second largest aluminium producer, that it was planning to go into production of steel beverage cans.

Although the company stressed that its plan was more of a costing test than a change of direction, the news caused widespread surprise because of the great commercial success of the aluminium drinks can. Last year these cans captured more than half the market from steel, and were considered to have a rosy future as they can be easily recycled.

According to Reynolds, there is a growing debate about the merits or steel and aluminium cans, and the company wants to be in a position to produce either, depending on how the market goes.

Accordingly, it is building a two-line production plant in North Carolina which can produce either aluminium or steel cans. It is also putting up a similar plant to produce cans for Miller Brewing.

But Mr. R. D. O'Donnell, company vice-president and head of the can division, said the venture was a test to assess the relative price of steel and aluminium cans, adding "but we are sure aluminium will emerge the winner on the basis of its cost and acceptability."

Despite Mr O'Donnell's remarks, the main threat to aluminium's dominance in the can market—if a threat exists—is its rising cost. Alcoa, the largest U.S. producer of aluminium, has increased prices for aluminium sheet twice in recent months, and industry sources now put the price of aluminium cans at 6 per cent. higher than steel cans.

Alcoa is also believed to have changed its policy on cans from one of aggressive pricing in order to penetrate the market to one of "profit consolidation," another way of saying that it will raise prices to what the market will bear.

Reynolds, by contrast, claims it has not increased its prices recently, and appears to be keeping an open mind on the likely effects of profit consolidation in the aluminium can market.

FTC to study Vlasic deal

CAMDEN, May 11.

CAMPBELL Soup and Vlasic Foods, of West Bloomfield, Michigan, have been notified by the Federal Trade Commission that the commission staff is investigating whether Campbell's proposed acquisition of Vlasic complies with anti-trust laws.

The FTC has proposed that after the consummation of the acquisition and until the probe is complete the operations of the two companies be kept separate.

Shareholders of Vlasic are to vote on the proposed transaction on May 30.

AP-DJ

Philip Morris bid halted

BY OUR OWN CORRESPONDENT NEW YORK, May 11.

PHILIP MORRIS' takeover battle for Seven-Up, the soft drinks company, hotted up today when a Federal judge granted a temporary restraining order preventing its tender offer from going through.

The order was requested yesterday by Seven-Up on the grounds that Philip Morris' tender offer for its common stock violated Federal securities laws.

There was no immediate reaction from Philip Morris to today's ruling, which was made in the Federal District Court of Louisville, Kentucky, where Seven-up has its headquarters. But it gives a useful breathing space to the drinks company, which has been energetically fighting off the diversified tobacco company's bid.

Seven-Up's resort to the courts came last night after Philip Morris had raised its bid by $5 to $46 per Seven-Up common share. Seven-Up had previously rejected a bid of $41 per share.

Seven-Up is 45 per cent. owned by the descendants of the family which started the business—as a remedy for headaches—in 1929. However, shareholders are not believed to be implacably opposed to the idea of a takeover.

Fraser development continues

By Robert Gibbens

MONTREAL, May 11.

FRASER Companies, controlled by the Noranda Mines group, is moving into the second phase of a major reconstruction and modernisation programme at its Edmundston, New Brunswick and its associated Madawaska, Maine, pulp and paper mills. The company's operations span the U.S.-Canada border.

The Edmundston pulp mill is already being rebuilt and re-equipped at a cost of $C91m., and now the company is going ahead with a $C42m. programme at Madawaska with the installation of new machinery in the catalogue mill and the modernisation and speed-up of two groundwood paper machines. The annual capacity of light-weight groundwood coated papers will be doubled to 165,000 tons yearly.

Fine paper machines will be renovated to produce more groundwood directory grades, increasing the flexibility of production.

Ideal Basic Industries

Ideal Basic Industries, of Denver, Colorado, has financed the development of a new potash mine in the Sussex area of New Brunswick, costing some $C105m., writes Robert Gibbens from Montreal. The company operates in the U.S. potash mining and cement manufacturing sectors, and has had preliminary merger talks with Johns Manville, the world's largest asbestos group.

Bridge finance for the New Brunswick potash development has been arranged with the Canadian Imperial Bank of Commerce.

Talks terminated

MR. I. BUD ROCKOWER, chairman and chief executive of Rockover Brothers, and Mr. Edward F. Gibbons, chairman and chief executive of F. W. Woolworth, announced the termination of discussions relating to the proposed acquisition by Woolworth of the business of Rockower for the equivalent of $14 a share, AP-DJ reports from New York.

Leading car makers face Federal probe on safety defects

BY OUR OWN CORRESPONDENT NEW YORK, May 11.

FOUR vehicle makers, including Chrysler, General Motors and Ford, are the objects of safety defect investigations by the Federal Highway Traffic Safety Administration announced yesterday.

Some 300,000 Dodge Vans, produced by Chrysler between 1973-77, are to be investigated for possible front brake defects resulting from deteriorating steering mechanisms, which allow the wheels to turn around too far. Forty failures, including nine accidents, have been reported.

A series of car models, totalling some 131,000, made by GM in 1975, are suspected of front wheel bearing weakness, which can cause the wheel to fall off or produce excessive noise and tyre wear. The agency said it had received 21 complaints, including three accidents.

Brake problems are also suspected on 85,000 Ford heavy lorries made between 1975-78. In this case, a wiring difficulty appears to be causing an anti-lock device to reduce braking ability.

The fourth case involves suspect wheels on boat trailers, where a weak axle joint can sometimes cause the wheel to come adrift. But the company involved, Broad Wheels, said it had already stopped making the wheels after signs of trouble two years ago.

The three car makers have said they will co-operate with the agency's investigations.

Renault-AMC marketing deal

PARIS, May 11.

Regie Nationale des Usines Renault is considering advancing short-term funds to American Motors Corporation to help its marketing of R-5 and R-18 cars in North America.

Renault and AMC signed a memorandum in March according to which AMC will distribute Renault models through its American sales network.

Reuter

Ford sees lower profits

DEARBORN, May 11.

FORD MOTOR chairman Henry Ford II told stockholders at the annual meeting that 1978 does not look like being as profitable for the company as 1977.

He said that as previously reported, first quarter net income dropped 3.4 per cent. to $466m., mainly because of higher costs and demand for a less profitable mix of vehicles.

On recent sales strength, Mr. Ford said, it was possible that U.S. 1978 industry sales could equal the 11.2m. sold last year.

He noted that in April the industry was selling cars at an annual rate fo12.1m. Truck sales could reach a record 4m. this year, he added.

Mr. Ford said the company expects to spend $15bn. to $20bn. between now and 1985 on new products to meet emission control sand fuel economy and safety requirements.

However, the Government's announced intention to raise 1984-86 fuel economy standards will "up-end the product programme we have under way," raising Ford Motor's costs by billions of dollars.

In 1977, Ford achieved record earnings of $1.67bn., or $14.16 a share on sales of $37.84bn. Mr. Ford did not make any specific profit projection for the full year.

Agencies

EUROBONDS

Germany considers pause in new issues

BY MARY CAMPBELL

THE German Capital Markets Sub-Committee meeting scheduled for this morning will consider whether to close the market to foreign borrowers altogether for a period of weeks, capital market sources said yesterday. The meeting was an unusual one in any case — the committee normally meets once a month at the end of the month to agree the issues for the whole of the next month.

However, after the difficulties experienced in April, it was agreed that new issues would be scheduled only for the first half of May, with a further meeting to consider the rest of May half way through the month.

The sources in Germany were anxious to emphasise that the closure, if it were to be decided on, would be for a limited period only — perhaps two weeks, perhaps as much as four or five weeks. It would, they said, be a "voluntary" move by the banks which manage issues, rather than a restriction imposed by the German authorities.

The background to the potential temporary closure of the market does not lie only in the foreign bond sector of the D-Mark capital market. The domestic sector has been weak recenly with too few takers for domestic issues. A desire to cut the pressure on the domestic market would be one factor behind any moves taken at the meeting today.

The D-Mark foreign bond sector has in fact picked up slightly from the lowest points it experienced ten days ago. However, issuing houses say that there is a very large volume of paper overhanging the market, and they argue that a temporary closure would give the market time for these issues to be absorbed. Among the most recent issues to be announced was the DM600m. offering for Canada, which was a record size for any single issue.

Meanwhile, one new offering was yesterday announced. It is a DM100m. private placement for the Danish Export Credit Finance institution. It is for a final maturity of five years with an average life of three. Indicated coupon is 5¾ per cent. and indicated issue price around par. Lead manager is Westdeutsche Landesbank.

A DM40m placement for Sparbankene Kredittselskap was arranged a couple of weeks ago by WestLB. It offered a 6 per cent. coupon on a 12 year final maturity.

According to market sources, the Norwegian company Elkem has also raised DM40m. The coupon was said to be 5¾ per cent. on a 10 year final maturity

CANADIAN QUARTERLIES

CAE INDUSTRIES

Year	1977-78 $C	1976-77 $C
Revenue	166m.	140m
Net profits	4.2m.	3.7m
Net per share	2	1.75

CANADA CEMENT LAFARGE

First Quarter	1978 $C	1977 $C
Revenue	67.7m.	52.8m
Net profits	*7.3m.	*5.8m

CONS. TEXTILE MILLS

First Quarter	1978 $C	1977 $C
Revenue	15.9m.	12.7m
Net profits	443,000	310,000
Net per share	0.20	0.14

R. L. CRAIN

First Quarter	1978 $C	1977 $C
Revenue	10.6m.	9.4m
Net profits	392,000	242,000
Net per share	0.22	0.14

CREDIT FONCIER

First Quarter	1978 $C	1977 $C
Net profits	1.9m.	2.1m
Net per share	2.21	2.51

GENSTAR

First Quarter	1978 $C	1977 $C
Revenue	185m.	184m
Net profits	9.5m.	8.9m.
Net per share	0.72	0.70

GT. CAN. OIL SANDS

First Quarter	1978 $C	1977 $C
Revenue	49.9m.	45.6m
Net profits	4.7m.	5.6m

PANCANADIAN PETROLEUM

First Quarter	1978 $C	1977 $C
Revenue	91.8m.	74m.
Net profits	38.5m.	29.2m
Net per share	1.23	0.94

RESOURCE SERVICE GROUP

First Quarter	1978 $C	1977 $C
Revenue	20m.	23.8m
Net profits	318,000	*85,000
Net per share	7	—

*Loss

BRIEFLY

Lincoln National rise

Among companies reporting increased profit in the first quarter was Lincoln National Corporation with $1.41 per share against $1.04 for the same period of last year. Similarly ahead was Petrie Stores with 68 cents against 56 cents, while Franklin Life Insurance managed 67 cents from the 57 cents a share last time. Handy and Harman comes in with 87 cents this time against 84 cents, while Sonesta International Hotels has slipped from a 24 cents a share profit last time to a loss of three cents a share this first period.

Reporting six months figures, Tesoro Petroleum comes in with $1.13 a share against 64 cents last year, while Weight Watchers, which is in receipt of a takeover bid from H. J. Heinz, managed 76 cents against the 56 cents a share at the six months stage last year.

For the third quarter of its year, Seatrain Lines reports net profit of 25 cents a share after an unspecified charge against 23 cents at the same period last year, while for the full year, Pet comes through with $4.30 a share against $4.00 in 1977.

From Canada, Interprovincial Pipe Line, for its first quarter lifted its net to 47 cents a share from the 44 cents for the same period last year.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Bayer 1978 sales will be severely limited

By Our Own Correspondent

FRANKFURT, May 11.

BAYER, like the two other West German chemicals industry giants BASF and Hoechst, is making no firm prediction about the likely progress of business this year. Growth, it believes, will be severely limited.

Professor Herbert Gruenwald, Bayer's chief executive is assuming that sales will increase by no more than 2 per cent. or, at best 3 per cent., during 1978. He added, however: "Nobody knows what will happen in the second half — whether it will be abnormal or whether it will be a typical year with the usual improvement in the autumn and towards the end of the year."

The Bayer parent company did much better than its two rivals during the first three months of the year. On a group level its performance well exceeded that of BASF and seems to have more or less matched that of Hoechst.

Sales of the parent were up by 0.5 per cent. in the first three months to DM2.61bn. ($1.26bn.). This compared with a 6.2 per cent. decline at Hoechst and a 7.9 per cent. fall at BASF. Home sales rose by 1.6 per cent. while exports were off by 0.9 per cent. Pre-tax profits were off 19.4 per cent. from DM222m. to DM179m.

World turnover increased by 4.4 per cent. from DM5.41bn. to DM5.65bn., but this, for the first time, includes the figures for the newly-acquired U.S. subsidiary Miles Laboratories. Without the inclusion of Miles DM265m. first quarter's sales, the Bayer world turnover would have dropped by 0.5 per cent.

Professor Gruenewald described the results as unsatisfactory. However, Bayer's figures are, more than most chemicals concern's distorted by currency fluctuations because of its heavy overseas investment.

According to the group, sales of subsidiaries and affiliates were good during the first quarter, particularly in the U.S. But after conversion into Deutsche marks the increases in turnover were largely absorbed by the decline in exchange rates.

Bayer, however, is continuing its policy of concentrating the focus of investment overseas. This year capital investment is planned at DM1.9bn. of which the bulk will be sepnt abroad. allocation to the parent, total DM650m.

No external financing requirements were expected for Bayer AG, the parent, for 1978. There were no intentions to increase the concern's capital. As far as subsidiaries and affiliates were concerned, most of the external funds required with year had already been arranged.

However, this year's annual meeting (scheduled for June 27), will be asked to approve an issue of bonds with warrants attached of a value of up to $200m. the authorisation would be effective up to March 31, 1982.

Strikes eat into Daimler Benz first quarter

BY GUY HAWTIN

FRANKFURT, May 11.

STRIKES cost Daimler-Benz, the West German motor manufacturer, sales worth DM1bn. ($479m.) in the first quarter of the year. The stoppage, in support of metal-workers pay claim, lost the concern the production of 25,000 of its luxury cars and 8,000 commercial vehicles.

This was disclosed by Dr. Joachim Zahn, the group's chief executive, at a press conference called to review the company's performance during 1977 and the first quarter of the current year.

Turnover in the first three months totalled DM4.6bn. ($2.2bn.), a decline of 10 per cent. on the DM5.1bn. of the comparable period of 1977. Dr. Zahn said he could not assess the effect the strike would have on earnings, but he said although he was not prepared to make a dividend forecast so early in the year, the stoppage would not, itself, result in a lowering of the payout.

During the five years to 1982, Daimler is planning a DM7bn. ($3.5bn.) capital investment programme, the bulk of which is planned at expanding and rationalising group production. Well under DM3bn. of the investment total would be spent on developing new models, as well as setting up such things as a new heavy gear box manufacturing unit.

The focal point of the programme would be to bring motor car production capacity up to 450,000 units a year by the end of 1982. This compares with last year's output of 401,200 units. Investment in the commercial vehicles sector will total between DM300m. and DM400m. During the current year the investment programme will amount to between DM1.2bn. and DM1.3bn. against DM1.1bn. in 1977 and DM900m. the year before.

Profits rose last year from DM392m. to DM445m. at the net level. Distributed profits totalled DM228m., while some DM217m. was allocated to reserves compared with the previous year's DM167m. As a result of tax reform, the tax burden on the group increased by 24 per cent. to DM1.7bn.

According to to-day's report approval to go ahead with its planned co-operation with the Fiat-dominated Iveco group in the joint manufacture of heavy automatic gear boxes for urban buses still hangs in the balance. The European Commission and the Federal German Cartel Office have yet to reach a decision.

The group say that the European commission appears to be tilted in favour of the deal. However, the cartel office appears to frown on the idea, although it had indicated that it will fall in line with the commission.

Dr. Zahn said that without the joint production deal the "U.S. monopoly" in the field would be allowed to continue unhindered. This, he said, could hardly be good for competition.

* * *

LINDE hopes to maintain its 1977 dividend payment of eight marks this year but a higher payment at present is not to be advocated, managing board spokesman, Hans Meinharrdt, told the annual shareholders meeting in Wiesbaden, Reuter reports.

AEG still on road to recovery

BY ADRIAN DICKS

FRANKFURT, May 11.

AEG-TELEFUNKEN, West Germany's second largest electrical group, does not expect 1978 to be a year "bubbling over with success," Herr Walter Cipa, the chairman, said here on Tuesday. But he said emphatically that the company had achieved "essentially more solid" results in 1977, and pledged further progress.

The company, still recovering from heavy losses in the early 1970's, earned an operating surplus of DM8m. on its domestic West German activities. The chairman refused, however, to predict when AEG would resume dividend payments. "The primary duty of this Board," said Herr Cipa, "is to set the company back on solid foundations."

Two major uncertainties weighing on the group are the continued weakness in demand and the abiding confusion in West Germany over the future of nuclear energy.

On the first count, Herr Cipa said that original forecasts for the electrical industry this year had had to be revised downwards, though he stressed that there would probably not be any fresh dip into recession.

Orders were slightly down on the first quarter of 1977, he said, with a decline in export bookings not fully compensated by a slight pick-up on the home market. For 1978 as a whole AEG is now hoping for new orders of about DM15bn., following the 2 per cent. dip to DM14.4bn. registered in 1977.

By contrast, current sales during the first quarter were up 3 per cent., with exports up 12 per cent. and domestic sales down 5 per cent. for this year as a whole, Herr Cipa predicted sales would amount to about the same as last year's DM14.3bn.—6 per cent. better than 1976.

On the subject of nuclear power, Herr Cipa delivered a blunt attack on the "constantly increasing safety requirements of the authorities" and on the "lack of any coherent political will" over the issue, all of which was producing an intolerable situation for the industry.

AEG-Telefunken, despite selling its half-share in Kraftwerk-Union to Siemens, remains liable for certain risks undertaken by KWU before the sale, and has once again had to add to its reserve against contingency liabilities. Herr Horst Brandt, the deputy chairman and finance director, said that the group's financial situation was "heavily weighed down" by the need to keep topping up the reserve against further unforeseeable cost increases. It now stands, he said, at about DM1bn.

Tax negotiations 'fair'

BY OUR FINANCIAL STAFF

WEST GERMANY'S negotiations with foreign governments on double taxation laws represent a fair way of ameliorating disadvantages suffered by foreign investors which resulted from reform of West Germany's corporation tax law, the German Economics Minister, Otto Lambsdorff, said in Antwerp.

In a speech to the Belgo-Luxembourg chamber of commerce in Antwerp, he said that the negotiations, which are aimed at cutting the rate of tax withheld to 15 per cent., provide an appropriate basis for resolving the problem.

Under the reformed tax system, foreign shareholders are at a disadvantage to domestic shareholders in German companies in that they cannot make use of tax credits. These are worth nine-sixteenths of dividends which domestic shareholders can offset against other tax payments due in Germany.

A group representing foreign chambers of commerce recently sent a letter to the Ministry urging removal of the capital yield tax on dividends paid to foreigners as a way of mitigating treatment of foreign investors under the reform.

Kloeckner Werke looks forward to continued improvement, given rising orders and higher revenues from rolled steel, according to managing board chairman, Herbert Gienow, Reuter reports from Duisburg.

He told the annual meeting that new orders for steel were up by 7.7 per cent. in the first half of the year to end-September from the same period last year, while rolled steel production was 4.7 per cent. higher. Turnover was 5.3 per cent. down.

Mr. Gienow said, however, there is still considerable ground to be made up, noting the company's list prices were almost 20 per cent. higher two years ago.

Decline in French long term rates halted

By Our Own Correspondent

PARIS, May 11.

THE FRENCH Government has reverted to a conventional formula for its latest bond issue, Frs3bn. ($650m.) of 15 year paper which will open on May 22. Unlike last year's issue the new loan will not be indexed to the European Unit of Account—an indication that with the general election now out of the way the government expects little difficulty in placing the issue.

The bond carries a 10 per cent. coupon and will be priced at par. Repayment is in 12 equal instalments from the fourth year. The small size of the operation is apparently dictated by the desire not to dislocate the market and perhaps by the wish to give proof of government's concern to encourage the equity market by not weighing in with a large bond issue to which substantial fiscal advantages are attached.

The offering is, in fact, designed particularly to appeal to pension funds. Since the interest will not be subject to the 10 per cent. deduction at source the gross yield and the net yield will be the same at 10.05 per cent.

The market had expected an issue in the region of Frs.8bn. since the originally forecast budget deficit in 1978 was close to Frs.9bn. and the actual deficit is now expected to approach Frs.20bn.

Our London staff write: The new state loan would seem to signal the end of the sharp decline in long term yields apparent since the March elections. Last week's issue from the utility EDF—Frs1.5bn. over 16 years—has been meeting with a very muted response and the new government loan is now effectively edging French yields upwards. EDF offers a net return of 9.85 per cent.

Boussac rescue scheme dismissed by Giraud

BY DAVID CURRY

PARIS, May 11.

THE FRENCH GOVERNMENT has refused any further financial aid to the stricken Boussac textile group and has dismissed the eleventh-hour rescue scheme presented by the concern a few days ago as being totally "unworthy" of support by taxpayers' money.

The acid comments on the rescue plan made by the new Industry Minister, M. Andre Giraud, together with the Government's well-publicised intention not to bail out enterprises suffering from structural faults and bad management, suggests that the authorities have decided that the only solution is to push the group, which employs 11,000 people, into bankruptcy to clear the way for a fundamental restructuring.

The Minister's intervention in Parliament came a few hours after the group's two leading managers, M. Jean-Claude Boussac, the nephew of the founder of the group, and M. Jacques Petit had announced that over the next two years eight or ten of the group's units in the Vosges region of Eastern France would close, with the loss of 1,365 jobs, including 600 outright redundancies. The group employs 6,000 of the Lorraine region's 30,000 textile workers.

The concern had earlier made it clear that its ability to carry through the reorganisation of production depended on the acceptance of its overall rescue plan. This would give it time to generate the cash to meet the charges and compensation payments involved and included the grant of a new tranche of Government aid to the tune of, according to M. Petit, Frs.25m.

However, if the money owed to the State in the form of deferred social security charges and tax payments and to semi-Government financial institutions is counted, the actual financing need from official sources is closer to Frs.200m.

Even had this been forthcoming, there had already been hints that the group's 89-year-old founder, M. Marcel Boussac, is unwilling to accept another vital part of the rescue package—the surrender by himself and by family interests of around Frs.170m. of credits outstanding to the group, and his final retirement from business. L'Aurore, the Boussac-owned newspaper, which is unofficially up for sale, has reported that at Monday's Board meeting M. Boussac refused to approve the rescue package which had been submitted to the Government.

In theory, the final part of the package was to have been settled to-morrow at a shareholders' meeting. This is being asked to approve of the disposal of some non-industrial assets to raise cash and to transform the group into a limited liability concern so as to draw a clear line between corporate and family interests. It is estimated that the elder M. Boussac has already poured some Frs.600m. of his personal fortune into his group, which remains entirely in private hands.

Union delegations from the Vosges factories and regional MPs are to petition the Prime Minister to-morrow to safeguard the region's textile industry, while staff at the group's Paris headquarters are to stage a symbolic strike of solidarity to-morrow to coincide with the shareholders' meeting.

The Government is showing itself equally determined to let commercial procedures have their way, in refusing to intervene in the affairs of the Marseille ship-repairer, Terrin, which is in the hands of the receiver and where 4,000 workers are on strike. More than 800 redundancy notices are shortly to go out, and the CGT union has retaliated by calling for a strike throughout the port on Saturday.

The Transport Minister, M. Joel le Theule, blamed the company's problems squarely on management failure to take vigorous measures to adapt to market conditions and ruled out softening the blow by permitting early retirements to replace redundancies.

Ogem to raise capital returns

BY CHARLES BATCHELOR

AMSTERDAM, May 11.

OGEM HOLDING, the Dutch-based international trading and construction company, expects to spend the next three years consolidating recent acquisitions and improving returns on capital. The management structure will be simplified and the company's loss-making operations in Holland will be returned to profit, management board chairman Mr. B. Udink told a Press briefing.

In the past three years Ogem has made major additions to its trading operations which are now grouped under the publicly quoted company Otra. It also acquired a 44 per cent. holding in the large German building company Beton und Monierbau (BM) in mid-1977. The German company has run into financial problems and the state of North Rhine Westphalia has guaranteed most of a DM100m. credit to the company. Senior Ogem managers are now overseeing BM's operations.

Ogem reported a 33 per cent. increase in net profit to Fls.27.3m. in 1977 and the dividend is going up to Fls.2.30 from Fls.2.

Prospects for 1978 are favourable and Ogem expects to exceed a 10 per cent. return on capital.

Banks' LDC loan role

ROBERT McNamara, president of the World Bank, believes the developing world will have to depend more on the international capital markets in the future for its development needs

McNamara told a seminar in Washington, reports Reuter, that while the World Bank group expects to increase its development lending by about 5 per cent. in real terms over the next few years, this rise will not be sufficient to meet the needs of the lesser developed countries, which are expanding at a faster rate. He said the world bank group expects to make loan commitments of about $8.5bn. in the next financial year which starts in July

● Mary Campbell adds: This forecast from such an authoritative source of increased dependence by less developed countries (LDCs) on commercial bank loans in future is likely to cause considerable comment among the banks and also among agencies which regulate banks.

It comes at a time when many believe that the international banking system is sufficiently, if not already excessively, committed to the LDC. Many were hoping that the proportion of external finance contributed to the LDCs by official agencies like the World Bank would increase rather than fall in coming years.

Storebrand reduces its dividend

BY FAY GJESTER

OSLO, May 11.

NORWAY'S Storebrand insurance group — the country's largest — is paying a dividend of only Kr.7 per share for 1977, against Kr.9 in 1976 following a poor year in a number of sectors. Though premium income rose by 23 per cent. to Kr.1.9bn., group pre-tax profits fell to Kr.4.7m. ($866,000) from Kr.33.2m. However, Managing Director Jannik Lindbaek foresees improved results this year.

Last year's steep fall in share values on the Oslo stock exchange led Storebrand to write down its share portfolio by Kr.35m. The group's ship and oil rig owning subsidiary, A/S Custos, made a loss of Kr.12m. last year and further losses are possible in this sector.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8¾pc 1989	96¼	97¼
AMEV 8pc 1987	96¾	97¾
Australia 8¼pc 1992	93¾	94¼
Australian M. & S. 9½pc '93	97	97¾
Barclays Bank 8¾pc 1992	96¾	97¼
Bowater 9½pc 1992	97½	98½
Can. N. Railway 8¾pc 1986	97	97¾
Credit National 8¾pc 1986	97¾	98
Denmark 8½pc 1984	100	100½
ECS 9pc 1993	95½	99¼
ECS 8¾pc 1997	95½	96¼
EIB 8¾pc 1992	96¼	99¼
Esso 8pc 1986 Nov.	101¾	102
Gt. Lakes Paper 8¾pc 1984	96¼	99
Hamersley 9¾pc 1992	99¼	100¼
Hydro Quebec 9pc 1992	95¼	96¼
ICI 8¾pc 1987	97	99
ISE Canada 9¼pc 1986	104¼	105
Macmillan Bloedel 9pc 1992	96	96¾
Massey Ferguson 9¼pc '91	96¾	97¼
Michelin 9¼pc 1988	102	102¾
Midland Int. Fin. 8¾pc '92	97½	99¼
National Coal Bd. 8pc 1987	94¼	95¼
National Westmnstr. 9pc '86	101	101¾
Newfoundland 9pc 1989	99	99¾
Nordic Inv. Bk. 8¾pc 1988	96¼	94¼
Norges Kom. Bk. 8¾pc 1992	97½	95½
Norpipe 8¾pc 1989	96¾	97¼
Norsk Hydro 8¾pc 1992	96	96¾
Oslo 9pc 1988	100¾	101¼
Ports Autonomes 9pc 1991	95½	99¼
Prov. Quebec 9pc 1995	93¾	95
Prov. Saskatch. 8¾pc 1986	99	99¾
Reed International 9pc 1987	93	95
RHM 9pc 1992	91	93¾
Selection Trust 8¾pc 1989	91	92
Skand. Enskilda 9pc 1991	99¾	100¼
SKF 8pc 1987	93½	94
Sweden (K'dom) 8¾pc 1987	96¼	97
United Biscuits 9pc 1989	95¼	99¼
Volvo 8pc 1987 March	93	93¾

NOTES	Bid	Offer
Australia 7¾pc 1984	95¾	96¼
Bell Canada 7¾pc 1987	94¼	93¼
Br. Columbia Hyd. 7¾pc '85	93½	94¼
Can. Pac. 8¾pc 1984	99¼	107
Dow Chemical 8pc 1986	96	99¼
ECS 7¾pc 1982	96¾	97½
ECS 8¾pc 1989	93¾	98¼
EEC 7¾pc 1982	97	97¾
EEC 7¾pc 1984	95	96¾
Enso Gutzeit 8¾pc 1984	96½	97½
Gotaverken 7¾pc 1982	97¾	98¼
Kockums 8pc 1983	97¼	98
Michelin 8¾pc 1983	99¼	100
Montreal Urban 8¾pc 1981	100¼	101
New Brunswick 8pc 1984	97	97¾
New Bruns. Prov. 8¾pc '83	99¾	100½
New Zealand 8¾pc 1986	96¼	99
Nordic Inv. Bk. 7¾pc 1984	96¾	97
Norsk Hydro 7¾pc 1982	97¾	99
Norway 7¾pc 1982	96¼	97
Ontario Hydro 8pc 1987	95	95¾
Singer 8¾pc 1982	100¾	101
S. of Scot. Elec. 8¾pc 1981	99½	100½
Sweden (K'dom) 7¾pc 1982	97	97¾
Swedish State Co. 7¾pc '82	97¼	98
Telmex 9¾pc 1984	99¼	100
Tenneco 7¾pc 1987 May	94¼	95
Volkswagen 7¾pc 1987	94¾	95½

STERLING BONDS	Bid	Offer
Allied Breweries 10¼pc '90	90¼	90¼
Citicorp 10pc 1993	90¾	91¾
Courtaulds 9¾pc 1989	89¾	90¼
ECS 9¼pc 1989	91¾	94¾
EIB 9¼pc 1988	92¾	94¾
EIB 9¾pc 1992	89½	94¾
Finance for Ind. 9¾pc 1987	90¼	91½
Finance for Ind. 10pc 1989	91	92
Fisons 10¾pc 1987	94	95
Gestetner 11pc 1988	93½	94½
INA 10pc 1988	93¾	90¾
	Bid	Offer
Rowntree 10¾pc 1988	89¼	90¼
Sears 10¾pc 1988	89¼	90¼
Total Oil 9¾pc 1984	93	94

DM BONDS	Bid	Offer
Asian Dev. Bank 5¾pc 1988	96¾	97½
BNDE 6¾pc 1988	96¼	97¼
Canada 4¾pc 1983	96	99¼
Den Norske Id. Bk. 6pc '90	98	96¾
Deutsche Bank 4¾pc 1983	97¾	99½
ECS 5¾pc 1990	93½	96¼
EIB 5¾pc 1990	95½	96½
Elf Aquitaine 5¾pc 1988	95¼	96
Euratom 5¾pc 1987	99½	93¼
Finland 5¾pc 1986	98	96¾
Forsmarks 5¾pc 1990	98	98¾
Mexico 6pc 1985	95½	96
Norcem 5¾pc 1989	99¾	100½
Norway 4¾pc 1983	99¼	100¼
Norway 4¾pc 1983	97½	99¼
PK. Banken 5¾pc 1988	95¾	98½
Prov. Quebec 6pc 1990	96¼	97¼
Rautaruukki 5¾pc 1988	96	97
Spain 6pc 1988	95	95¾
Trondheim 5¾pc 1988	97½	99¼
TVO Power Co. 6pc 1988	97½	98
Venezuela 6pc 1988	97¼	95
World Bank 5¾pc 1990	98	98¾

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 7 15/16 pc	99¾	100½
BFCE 1984 8¾pc	99¾	100¾
BNP 1983 8 1/16 pc	100¾	101¾
CCF 1983 8pc	100	100½
CGMF 1984 7¾pc	99¼	99¾
Creditanstalt 1984 7¾pc	99¾	100¾
Credit Lyonnais 1982 8pc	100	100½
DG Bank 1982 7 15/16 pc	100½	100¾
GZB 1981 8 1/16 pc	100½	101
Intl. Westminster 1984 8pc	99¾	100½
Lloyds 1983 7¾pc	100¼	100¾
LTCB 1983 8pc	99¾	100½
Midland 1982 8pc	101	101¼
Midland 1987 7 11/16 pc	99¾	100
OKB 1983 7¾pc	100	100¼
SNCF 1985 8¾pc	99¼	99¾
Std. and Chtrd. '84 7 11/16 pc	99¾	100½
Wms. and Glyn's '84 8 1/16 pc	99¾	100½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¾pc '87	87½	89
Ashland 5pc 1988	94½	96
Babcock & Wilcox 6¾pc '97	102¼	103¼
Beatrice Foods 4¾pc 1992	98	99½
Beatrice Foods 4¾pc 1992	102	104
Beecham 6¾pc 1992	96¼	97¾
Borden 5pc 1992	100	101½
Broadway Hale 4¾pc 1987	78	79½
Carnation 4pc 1987	77½	79
Chevron 5pc 1988	136	137½
Dart 4¾pc 1987	79½	81
Eastman Kodak 4½pc 1988	84½	86
Economic Labs. 4¾pc 1987	77½	79
Firestone 5pc 1988	82½	84
Ford 5pc 1988	90½	92
General Electric 4¼pc 1987	87	88½
Gillette 4¾pc 1987	78½	80
Gould 5pc 1987	116½	118
Gulf and Western 5pc 1988	88½	90
Harris 5pc 1992	168	170
Honeywell 6pc 1986	89	90½
ICI 6¾pc 1992	87	88
INA 6pc 1997	95	96½
Inchcape 6¾pc 1992	115½	116½
ITT 4¾pc 1987	83	84½
Jusco 6pc 1992	112¾	113½
Komatsu 7¾pc 1990	126	127
J. Ray McDermott 4¾pc '87	176	178
Matsushita 6¾pc 1990	467	135
Mitsui 7¾pc 1990	121¼	123
J. P. Morgan 4¾pc 1987	99	99½
Nabisco 5¾pc 1988	100½	102
J. C. Penney 4¾pc 1987	78½	80
Revlon 4¾pc 1987	113	114½
Reynolds Metals 5pc 1988	86½	88
Sandvik 6¾pc 1988	109	111
Sperry Rand 4¾pc 1987	93	94½
Squibb 4¾pc 1987	81½	83
Texaco 4¾pc 1988	82½	84
Toshiba 6¾pc 1992	126	127
Ty Co 5pc 1984	77½	79
Union Carbide 4¾pc 1982	98	99½

Source: Kidder, Peabody Securities.

INTL. FINANCIAL AND COMPANY NEWS

Banks aid Hitachi Zosen with labour cuts

By Our Financial Staff

A CONSORTIUM of ten Japanese banks has supplied a Y15bn. ($67m.) loan to Hitachi Shipbuilding and Engineering Company (Hitachi Zosen) to help it cut its 21,600 workforce under a rationalisation plan. Sanwa Bank, the leader of the consortium, said.

The money will be used for allowances for employees who want to change jobs or leave the company before retirement age, according to the bank.

The consortium includes Daiwa Bank and the Industrial Bank of Japan, but other names were not immediately available, nor were the loan terms disclosed.

The company, which operates the third biggest shipyard in Japan, is carrying out a three-year restructuring plan.

It plans to boost its land machinery division to reduce dependence on shipbuilding.

The shipbuilding division has an order backlog of about 2m. gross tons, enough for it to continue operations until mid-1979, it said.

The announcement of the loan to Hitachi comes a day after the passing of legislation by the Upper House of the Diet to enable the large-scale scrapping of production capacity in the Japanese shipbuilding industry, and in three other industries—electric furnace steelmaking, aluminium refining and artificial fibres.

Under the law, the Government will provide emergency funds to companies which agree to scrap capacity by specified percentages. The State-owned Japan Development Bank is to put up Y10bn. ($44m.) of funds to provide guarantees for loans made to companies participating in the scheme.

Ito-Yokado reports sharp earnings rise

By Our Own Correspondent

TOKYO, May 11.

ITO-YOKADO, a leading Japanese superstore chain which it was reported yesterday is making a $70m. bond issue in the U.S., reports a sharp profits rise for the fiscal year to February.

Current profits on a non-consolidated basis were Y12.66bn. ($6m.), up 25.8 per cent., while net profits increased by 24.4 per cent. to Y6.41bn. ($28m.).

Ito-Yokado said that favourable business in furniture and foods, and extra volume from 10 newly opened shops, offset the adverse impact of slack weak personal consumption and the warm winter. This year, it plans to open 10 more outlets.

Consolidatedoperatin g revenues rose by 27.9 per cent. to Y414.06bn. ($1.84bn.). Net profits, consolidated, were Y8.1bn., up 34.7 per cent. Consolidated profits per share, at Y68.09 were much larger than on a non-consolidated basis. The company attributes this to substantial sales increases by its Seven-Eleven (convenience store) and Denny's Japan (fast food chain) subsidiaries, which both lifted current profits by 50 per cent.

In the current fiscal year, Seven-Eleven plans to add 200 shops to its present 375 while Denny's Japan will open 23 in addition to the current 27.

Advance at Victor Japan despite yen appreciation

BY YOKO SHIBATA

TOKYO, May 11.

VICTOR Company of Japan, one of the major manufacturers of audio components and the developer of "VHS" home-use video tape recorders achieved exceptionally good profits—among Japanese electric appliance makers, who have been badly hit by the appreciation of the yen—as a result of favourable exports and sales centering on home-use video tape recorders, in the year to Ma

Sales increased by 19.7 per cent. to Y163.98bn. ($729m.), of which exports accounted for 45.3 per cent. and advanced by 33.5 per cent. over the previous year. Current profits were Y7.29bn., up 30.6 per cent. and net profits lifted by 42.2 per cent. to Y3.04bn. ($13.5m). As a result, per share profits rose to Y25.7 from Y19.5.

Exports of audio equipment such as stereo sets, tape recorders and television sets increased in volume, but the company had to raise prices in August and March in order to cope with the rising yen value. As this result, export profitability unavoidably declined. Against this, however, was the strong profitability of VTR sales.

During the period, Victor Japan lifted VTR monthly production to 20,000 units, from 15,000 early this year. The company is planning to boost production to 30,000 units at the end of the current fiscal year. In order to cope with the rise in the yen, the company took measures to reduce production costs and reduce the exchange loss where possible by hedging in forward exchange market.

Japan's eight VTR makers are split into two rival groups, the VHS system developed by Japan Victor and manufactured by Matsushita, and Beta Format System developed by Sony. Both groups have been engaged in fully-fledged competition not only in the domestic market, but also in overseas markets, and have recently been cutting prices. Victor Japan has so far been producing VTRs for Hitachi, but Hitachi will manufacture for itself in the current fiscal year, according to Victor Japan.

In the domestic VTR market, Sony accounted for 30 per cent., Matsushita 20 per cent., and Victor Japan 25 per cent. to 30 per cent., the company said.

Slowdown in NBA growth rate

BY JAMES FORTH

SYDNEY, May 11.

THE NATIONAL Bank of Australasia failed to maintain its impressive growth rate of recent years in the March half-year, when earnings rose only 5.2 per cent., from $A20.6m. to $A21.7m. ($U.S. 23.3m.). The slowdown was signalled earlier this week when the bank's wholly-owned finance company, Custom Credit Corporation, achieved only a 3.6 per cent. rise in first-half earnings, to $A8.5m. On this occasion, banking profits led the way with a 17 per cent. increase in the period, from $A10.9m. to $A12.7m.

The National directors said that the rate of profit increase declined during the half-year, despite an increased volume of business, because of narrower interest margins and the increased rate of company tax. Current forecasts indicated that the profit growth for the remainder of the year would be similarly affected.

The National result equalled earnings of 41.8 cents on average capital, compared with 44.2 cents in the 1977 March half. During the latest half, the bank raised $A36.2m. through a cash issue to shareholders. On capital at the end of the period the result equalled 35 cents, compared with 39.9 cents in the first half of last year.

The interim dividend has been raised from 6.5 cents a share to 7 cents. Last year the directors followed with a final of 8 cents, making a total of 14.5 cents for the year.

Group revenue rose 18 per cent. from $A200.5m. to $A236.5m. ($U.S.268m.), with revenue from banking operations rising 13.6 per cent. to $A128.4m., and non-banking revenue by 23.5 per cent. to $A108.1m. In 1976-77, the National lifted profit 12.7 per cent. to a record $A42.7m.

The National's experience with Custom Credit differs from that of the other major bank-backed financiers which have reported for the March half. Australian Guarantee Corporation, the largest financier and partly owned subsidiary of the Bank of New South Wales, boosted earnings 28 per cent., to $A22.4m. Esanda, the wholly owned finance offshoot of the Australia and New Zealand Banking Group, to-day reported a 24 per cent. lift in profit for the March half, from $A10.1m. to $A12.5m. ($U.S.14.1m.). If earnings were adjusted to reflect the change in tax rate the increase would have been 33.7 per cent.

Average net receivables at March 31 totalled $A1.1bn., compared with $A1.03bn. at September 30, and $A923m. at March, 1977.

The rate of growth in receivables had slowed appreciably in the latest six months, reflecting a relatively subdued demand for both consumer and commercial finance. Esanda directors indicated that a satisfactory profit should be achieved for the full year, but that the rate of growth in receivables for the remainder of the year would be lower than in recent years.

Esanda's concern about receivables—indicating difficulty in finding borrowers to lend to—reflects that expressed by other financiers.

The gross margin between the average earning rate and average borrowing rate decreased slightly, mainly because of the increased average rate paid on borrowing. Interest rates are now tending downwards and the directors expect that the average borrowing rate paid has now reached its peak.

Slimmer Gollin tops expectation

BY OUR OWN CORRESPONDENT

SYDNEY, May 11.

GOLLIN and Co.—the residue of the trading group, Gollin Holdings, which collapsed in mid-1976—surpassed expectations with a profit of $A3.4m. ($U.S.3.9m.) in the year to February 28.

Gollin now operates under a scheme of arrangement and this is the first year's result.

When the scheme was under consideration the administrator estimated that the 1977-78 profit would be only $A2.19m. In the event, the result is only fractionally below the record $A3.55m. earned by the former Gollin Group in 1974. Since then, large sections of the group's assets have been sold off, initially to stave off a collapse, and subsequently to help repay creditors.

The slimmed-down group's major activity now is coal. It is also in tea and coffee (it is Papua New Guinea's second largest exporter of coffee), and in timber importing, felling and trading.

The scheme administrator, Mr. John Rodger, from the accountancy firm of Price Waterhouse, said that Gollin was hopeful of returning creditors 52 cents in the dollar of their debts. A payment of $A1.1m., or 2 cents in the dollar, would be made in September as the first instalment, out of profits earned in the latest year. He said that the company had performed better than expected, and had reduced its administrative costs to $A304,000, compared with the projection of $A760,000.

The projected earnings for the current year are $A2.9m., and Mr. Rodger said that he was confident this could be achieved.

The scheme still has four years to run. Mr. Rodger said that the aim to reorganise Gollin as an on-going group had been achieved, and that the company still employed 430 people in Australia and PNG, and had a net worth of $A15m.

Meanwhile, two former directors are currently in court in Sydney over 14 charges of fraud and two joint conspiracy charges involving $A1m. They are the former managing director, Mr. Keith Gale, and a former finance director, Mr. Richard Glenister.

Tax boost for BOC unit

BY OUR OWN CORRESPONDENT

SYDNEY, May 11.

COMMONWEALTH Industrial Gases, 59 per cent. owned by BOC International of the U.K., lifted group sales 6.8 per cent. in the March half-year, but managed only a marginal increase of 1.8 per cent. in pre-tax earnings. However, the net result was 13.8 per cent. higher, because of a much lower provision for tax.

Group sales rose from $A78.9m. to $A84.3m. ($U.S.95.4m.) while pre-tax profit edged up from $A10.6m. to $A10.8m. ($U.S.12.2m.). The tax provision, however, dipped from $A4.98m. to $A4.38m. after allowing for a tax benefit of $A986,000 for the investment allowance on plant expenditure, and $A226,000 tax relief for the trading stock valuation adjustment.

The interim dividend has been set at 5.5 cents on capital increased by a one-for-three scrip issue. This compares with 4.5 cents last year after adjusting for the scrip.

Hotel losses slow Kulim

By Wong Sulong

KUALA LUMPUR, May 11.

NET PROFITS at Kulim Malaysia Berhad last year were 48 per cent. higher than in 1976, but were badly affected by losses at the company's hotel subsidiary in Trinidad and Tobago.

The group's annual report shows that the holding company, which operates plantations in Malaysia, recorded a net profit after tax of 5.8m. ringgits ($US2.4m.), representing a 163 per cent. rise over 1976. But the group's net profits rose from 2.5m. to 3.7m. ringgits.

Kulim owns two hotels in Trinidad and Tobago, and while the Mount Irvine Bay Hotel made a profit of 298,000 ringgits last year, its sister hotel, Minister Bay Hotel, suffered a loss of 2.8m. ringgits.

The group's turnover rose from 65m. ringgits in 1976 to 81.7m. ringgits ($US34.2m.) last year, with higher prices and volume of oil palm accounting for almost all the difference in turnover.

For the future, Kulim said that part of its estate is located near the growing township of Ulu Tiram in Johore.

Its new palm oil mill is expected to be in operation by the end of this year, while the group has taken up a 29 per cent. stake in Edible Oil Products Berhad, which operates a large refining and fractionating plant.

Three British directors, including Mr. P. B. L. Coghlan, who has served as Kulim's chairman for the past 27 years, are not seeking re-election at the coming annual meeting, and their posts are expected to be filled by Malaysians.

The Johore State Economic Development Corporation holds 33.5 per cent. in Kulim, which it received by transferring 13,777 acres of oil palm to Kulim in 1976 in return for 23.16m. shares of 50 cents each.

A final dividend of 13 per cent. is declared, making a total of 23 per cent., the same as the previous year.

The Property Market

BY JOHN BRENNAN

Accountants attack Estate Agents Bill

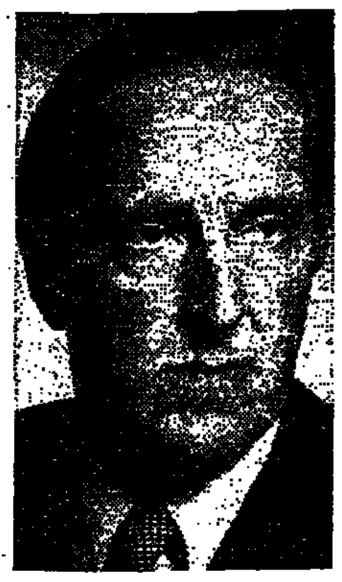
THE Estate Agents Bill, which failed to complete its Report Stage in Parliament last Friday, should be discussed in the House of Commons again to-day. Despite all-party support for the Private Member's Bill, which seeks to raise standards of residential estate agencies, it has run into strong opposition from the accountancy profession.

The accountants' opposition focuses on audit provisions in the Bill. And the powerful Institute of Chartered Accountants in England and Wales is willing to fight these provisions through to the House of Lords if necessary.

Brian Maynard, president of the English Institute, detailed the accountants' main criticisms of the Bill in a speech to the East Anglian Society of Chartered Accountants last Friday. He explained that, despite clear precedents in the Companies Acts, and in the recent Insurance Brokers (Registration) Act, the Government has been unwilling to agree to restrict estate agents' auditors primarily to members of the recognised accounting bodies.

"How," he asked, "can the public interest benefit from a Bill which purports to lay down minimum standards for the conduct of estate agents, but deliberately avoids prescribing minimum qualifications for their auditors?"

Mr. Maynard also opposes the Bill's call for an auditor's "certificate" on agents' clients' accounts which could, according to the Bill, be used as a protection for the agent from penalties for contravention of the proposed new law. Even public company auditors are only required to give an opinion of accounts, not a certification of fact, and so Mr. Maynard believes that, as it stands, the legislation, "almost amounts to an invitation to an unscrupulous estate agent to mislead his auditors."



Brian Maynard, President of the Institute of Chartered Accountants in England and Wales.

Making the CLA work

LACK OF MONEY is not, according to town planner John Blake, the prime reason for the present failure of the Community Land Act. The planners have been one of the very few property organisations to see a glimmer of sense in the CLA provisions. And in the April edition of the Town and Country Planning Association's journal (rather wittily named "town and country planning"), London planner Mr. Blake makes an interesting case for the CLA's survival as an instrument of "positive planning."

Mr Blake argues that local authorities were initially hog tied by the Government limitations on the use of CLA powers, and by the lack of finance available to carry through land purchase. By being directed not to intervene when private developers were willing to acquire and develop land, the authorities were initially reduced to looking at schemes which tended to be insufficiently financially viable to pass the Department of the Environment's profit criteria for loan sanctions.

This "Catch 22" situation is in Mr. Blake's view, the prime explanation of the authorities' underspending of loan allocations in the first two years of the Act.

The planner's eye-view of the CLA sees a need for a more rapid processing of loan applications and an eventual return to the principle of rolling and block loan allocations to individual, and to groups of authorities.

A quarterly publication of CLA statistics would, he believes, let us see which authorities are active and which are doing little. Mr. Blake would also like a reduction in the 40 per cent. of property surpluses creamed off by the Treasury and perhaps even the temporary waiving of the Treasury take as an additional incentive to the authorities.

More critically, Mr. Blake feels that it is time for the Government to start making its first duty orders under the Act requiring authorities to purchase particular types or areas of land, a move that could "galvanize local authorities into action." The planners have called for purchases of inner city land at current use prices, but as that would involve alterations to the Act that could be impossible for the Government in its present precarious state of health, Mr. Blake feels that fixing a date for the Second Appointed Day would serve as a good "second best."

Mr. Blake goes on to advocate "a firm warning" from the Government to all authorities explaining that if they failed to carry out the provisions of the Act, they would lose their CLA powers. These powers would then be vested in new regional land authorities. This, he feels, "would be the ideal solution."

From a planning viewpoint Mr. Blake's argument is hard to fault. But I doubt if too many local authorities, or too many developers within the property industry will rally to Mr. Blake's banner.

IN BRIEF

THE NATIONAL Building Agency, for the Department of the Environment, has produced a new booklet, "Planning Permission—A guide for Industry."

The booklet joins "Planning Permission—A Guide for Householders" in the Agency's series of practical guidance notes to help steer building projects through the labyrinth of planning controls. The guides are not seen as authoritive interpretations of planning law. But they do explain when and where planning permission will be needed, whether plans need to be publicly advertised, if an Industrial Development Certificate is necessary, and a general idea of the likely timetable.

The DoE is now sending copies of the booklet to local planning authorities, and these authorities will be asked to forward these to firms in their areas. The guides are also available, free of charge, from the department itself at: Department of Environment (Central), HQ Establishment, Information Division, Building No. 3 Victoria Road, South Ruislip, Middlesex HA4 ONZ, or from the Welsh Office, Information Division, Third Floor, Oxford House, Hill Street, Cardiff CF1 2SY.

●

THE BRITISH PROPERTY FEDERATION members at their annual luncheon at London's Dorchester Hotel on Tuesday enjoyed a little flattery from Peter Shore, Secretary of State for the Environment, who denied David Llewellyn the BPF President's introductory remarks about the property industry not having "influence commensurate with its importance in the corridors of power." Otherwise BPF members can have taken only mild comfort from the Minister's speech, which, although it outlined Government thoughts on speeding planning processes, inner city developments and tidying up anomalies in the Rent Act, also reiterated the Government's commitment to "the broad principle that private tenants of non-resident landlords should enjoy security of tenure and that their rents should be restricted to reasonable levels."

Mr. Shore repeated the arguments for a positive land disposal programme within the inner city areas and Government arguments to the authorities, "not to be over concerned about the historic cost of the land. What matters is the current market value.

Sadly, there seemed to be few of the smaller private landlord members of the BPF at the lunch. Too few of these landlords seem to realise that for a £5 annual membership fee (fees rise with the value of property held) they can tune into the BPF's free advisory service backed by specialist property lawyers. Membership details can be obtained from the BPF at 35 Catherine Place, London SW1.

●

THE NEXT revaluation of property in England and Wales for rating purposes will come into force in April 1982, and the Government has deferred plans to change the basis of valuation from a rental to a capital value basis.

In answer to a Parliamentary question put by Andrew Bennett, MP (Stockport North) this week, Peter Shore, the Secretary of State for the Environment, explained that revision of the present 1973 valuation list for England and Wales had been deferred while the Layfield Committee on Local Government Finance had been sitting. Now, the Government has given the Inland Revenue instructions to prepare a new list that should be in effect from April 1, 1982.

The Government's Green Paper on the Layfield Report, published last summer, suggested that domestic property ratings should in future be valued on a basis of capital values rather than the present rental value basis. Mr. Shore explained that "The Government remain committed to that proposal, which we believe would be the best method for the future because there is so much more open market evidence of capital values than there is of rental value." But the Minister accepted that, "It has now become clear that there would be no majority for capital value legislation in the present Parliament.

●

The Location of Offices Bureau launched its first overseas campaign this week under its new, wider brief to bring office users into the country. Spearhead of the campaign is a beautifully produced brochure giving reasons for choosing Britain as an office centre, and covering a mass of preliminary points that might be raised by a firm thinking of moving here.

There is just one small snag. All 10,000 copies of the brochure have been printed in English.

That touch of chauvinism apart, the brochure covers the ground rather well with a mass of maps, charts, plenty of photographs of Concorde, thatched cottages and Royal Guardsmen. More pragmatically, the LOB's production contains details of Development Area benefits: staff employment regulations: the cost of living ("walking shoes (leather) for £15.00"?); taxation, communications and housing.

Copies have been sent to businesses in the United States and throughout the Continent, and can be obtained from the LOB at 27, Chancery Lane, London W.C.2.

●

Property Deals appears on Page 34

RENTS FOR OFFICE SPACE IN EUROPE

	Rent in local currency	Net rent per sq. ft. per annum	Service charge
City of London	£16 per sq. ft. per annum	£16.00	15%
London suburbs	£6.00 per sq. ft. per annum	£ 6.00	20%
Manchester	£3.25 per sq. ft. per annum	£ 3.25	20%
Glasgow	£4.00 per sq. ft. per annum	£ 4.00	20%
Paris	FF1100 per m² per annum	£13.25	25%
Brussels	BF3000 per m² per annum	£ 5.60	30%
Amsterdam	FL200 per m² per annum	£ 4.80	20%
Frankfurt	DM25 per m² per month	£ 8.20	30%
Geneva	SF350 per m² per annum	£10.20	Nil
Madrid	PTAS600 per m² per month	£ 5.00	15%

Source: Richard Ellis and LOB.

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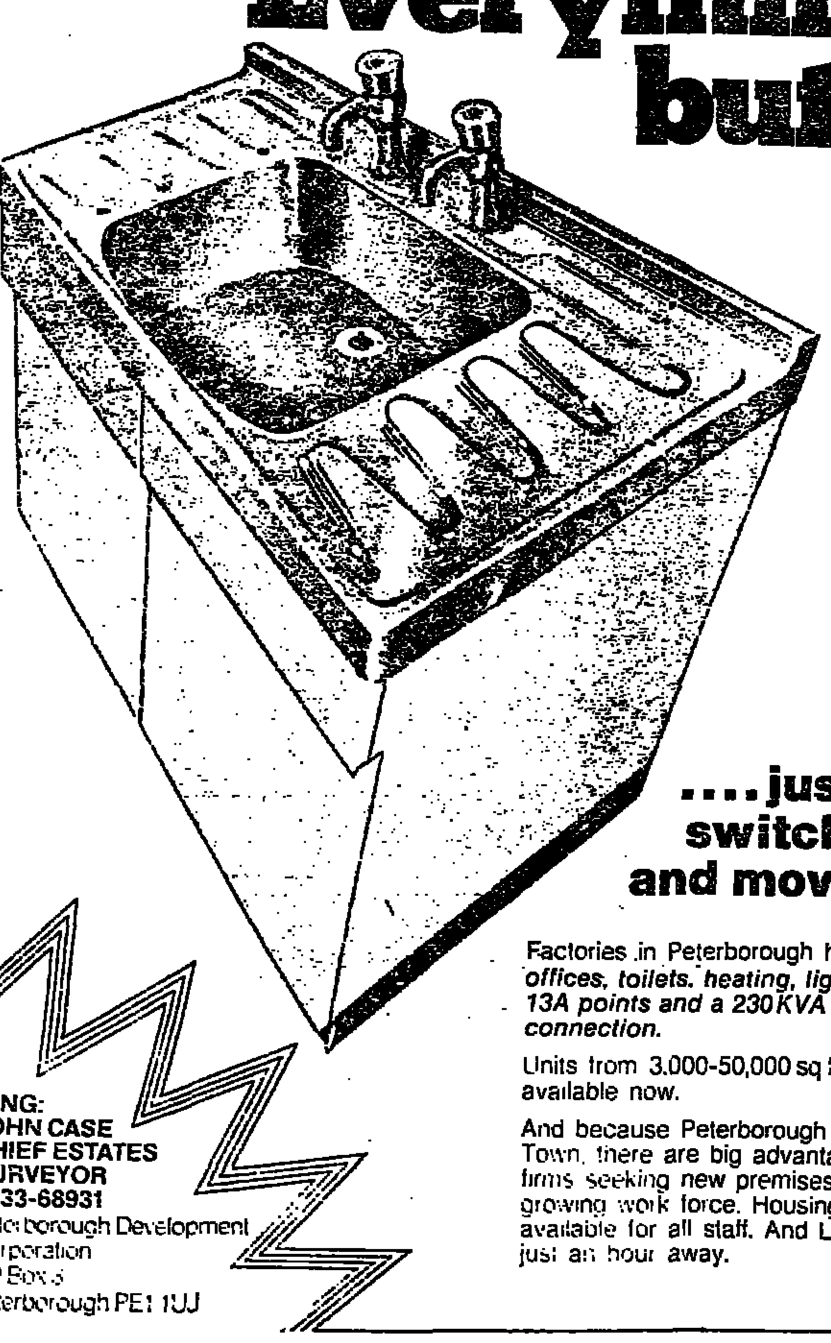
Everything but...



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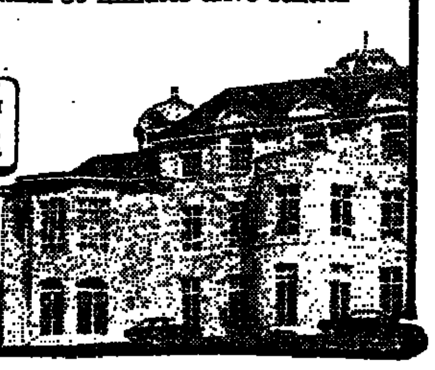

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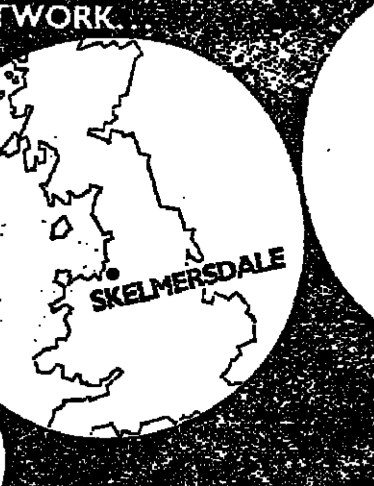

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PROPERTY DEALS

Investing in the U.S.

OVERSEAS investors have put over $U.S.1bn. into United States property in the past two years, according to R. Gary Barth, Jones Lang Wootton's U.S. investment manager. Speaking at the agents' International Real Estate Conference in Paris on Wednesday, Mr. Barth explained that Canadian groups still lead the lists of foreign investors in the U.S., followed by the Germans, Dutch, Mexican, British and Japanese.

Investors can still find 30 to 35 year mortgage money in the U.S. for up to 80 per cent. of the cost of prime commercial properties at yields of between 9¼ and 9¾ per cent. But mortgage lenders now generally insist on a 15-year revision clause to update the rate if it gets too far out of line with general money costs.

The cash returns on prime U.S. buildings have dropped from 8 to around 7 per cent. in the past two years as the U.S. insurance companies—the traditional local buyers—now have to compete with foreign investors and the local pension funds—investing through unit trusts run by the insurers and banks. Private investors are also active in the market, drawn by the security of U.S. holdings, the yields and the tax benefits which allow deduction of interest and depreciation charges. One typical example is a British investor resident in Bahrain who has just bought (via a Netherlands Antilles company to escape any future capital gains tax liability) the $3m., 100,000 square foot Piedmont-Ellis office building in Atlanta, Georgia, through JLW, to show a yield of 7 per cent.

A less cheery picture of the continental markets emerged from the conference. As in the U.K., the shortage of prime investments is forcing buying yields down throughout Europe but development activity everywhere is at a low ebb. In France prime Paris offices now sell down to 7 per cent. yields, and yields have slipped below the 7 per cent level in Belgium and down to 5½-6½ per cent. in Germany and Holland.

Robin Broadhurst, the JLW partner covering the British market, reported movements from the overheated prime investment market into agricultural land and secondary properties. But with an estimated £1.5bn. to invest in property this year he expects institutional buying to prevent any significant slide in the investment market for the next four to five months, after an upward adjustment of yields to allow for higher interest rates.

●

EDINBURGH now has a total office stock of 14.45m. sq. ft. (8.98m. sq. ft. of which is in the central area) with another 345,000 sq. ft. of speculative space under construction. Strutt and Parker's quarterly survey of Edinburgh's office accomodation shows that there were 87 units representing 512,000 sq. ft., or 3.5 per cent. of the total office stock, standing completed but unlet at the end of March.

●

SCOTTISH Amicable Pensions Investments Limited, advised by Gale Heath and Company, has completed the £1½m. purchase of the 6,000 sq. ft. offices at 16 Conduit Street in Mayfair to show an initial net yield of under 7 per cent. The investment was introduced to the fund by Barnet Baker and Company. Kenya Airways, represented by Barnet Baker, has taken the whole building as its London headquarters.

●

DAVID CHARLES' receiver, Roger Dickens of accountants Peat Marwick, has picked up around £250,000 for the group's top slice interest in the Strawberry Lane Industrial Estate at Willenhall near Wolverhampton. Bryant-Samuel, Samuel Properties' and Bryant Holdings' joint industrial development company, has bought the 99 remaining years of Charles' head leasehold on the 135,000 square foot estate through the receivers' agents Cheeshire Gibson and Company and Hurdley Bulley.

Hurdley Bulley have been retained as estate managers. Guardian Royal Exchange Assurance holds the freehold of the 32 unit estate, but, as its ground rent is reviewed less frequently than tenants' leases, Bryant-Samuel stands to pick up a significant profit rental.

●

ARROWCROFT INVESTMENTS is to redevelop one of Glasgow's shopping landmarks with a £3.5m. office and shop scheme at the former Daly's Department Store in Sauchiehall Street.

Arrowcroft, the private investment group which is now finishing off another £3.5m. shopping development in Newark in partnership with Royal Insurance, plans to modernise the Daly's building to create 30,000 square feet of retail space and 12,000 square feet of offices. Work is likely to be finished by next summer. Leavers, the letting agents, are not yet talking about asking rents.

Daly's store, part of Scottish and Universal Investment Trust's House of Fraser group, has now moved into Scottish Amicable's new 150,000 square feet Sauchiehall Street Centre next door. The success of the new centre—with its 350-car park—and the fact that Boots recently completed a 60,000 square foot store close to the Arrowcroft scheme (which is also near Marks and Spencer, Littlewoods and C and A) completes the rehabilitation of this end of the street as a prime retail area.

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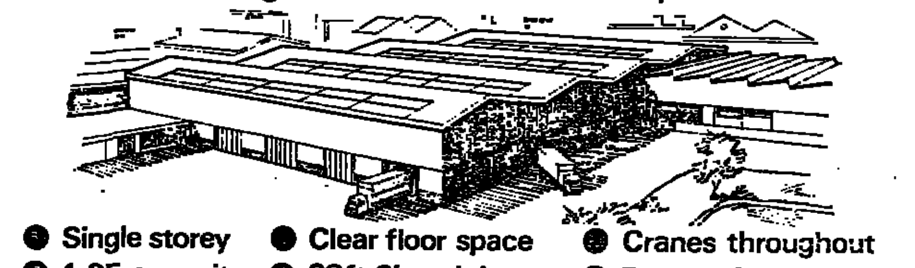

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FINANCIAL TIMES REPORT

Friday May 12 1978

Property in Scotland

Except for a few bright spots in areas favoured by development of North Sea onshore facilities the Scottish property market remains slack. Any real recovery seems unlikely until the local economy as a whole begins to make headway.

Little cheer in the outlook

By John Brennan
Property Correspondent

ALL BETS on the outlook for Scotland's economy this year are off. Economic forecasters have turned up with their usual array of conflicting predictions on industrial output, investment and employment. But a consensus view now sees the Scottish economy lagging behind that of the rest of Britain for the first ime in more than a decade.

Confederation of British Industry surveys of investment intentions throughout Scottish industry indicate a weakening of expansion plans since the turn of the year And a further pessimistic point can be seen in the level of construction industry orders, which are now falling again after a temporary recovery last summer.

The state of the economy makes a pretty cheerless backcloth for Scotland's property industry. And although there are exceptional pockets of growing demand, particularly in areas benefiting from the growth of downstream development of North Sea oil and gas facilities. Scotland's property market is still only a shadow of the boom business it was before 1974.

In the office market, Government staff relocation to the major Scottish cities has kept the letting market alive through the recession. In a recent Parliamentary question Mr. Malcolm Bruce, deputy chairman of the Scottish Liberal Party, was able to press the Department of the Environment for figures of its Scottish office lettings in the past four years.

The DoE reported that it had leased 990,000 square feet of new offices in Edinburgh, Glasgow, Dundee and Aberdeen since 1974, far and away the largest single letting operation in Scotland of new and refurbished office accommodation that has come on to the Glasgow market in that time. Adding nationalised industry lettings and the Government's Property Services Agency's own developments to the total and Government tenants account for just under 60 per cent. of the whole of Glasgow's over 8m. square feet of office stock.

As the effects of earlier public sector spending cuts filter through, there is already a marked slowing down in the rate of new Government office lettings. And it is fortunate that much of the oversupply of offices in the major centres has now been absorbed, or the Scottish office market would have been forced to carry the scars of the crash well into the next decade.

As it is, the major office centres have managed to achieve a rough balance of supply and demand. In the absence of new development starts in Glasgow in recent years, even sluggish commercial demand bolstered by DoE and local authority lettings has now created a general shortage of large modern units. And, as commercial space users trade up-market for better space, and an increased demand for offices begins to come from locally growing financial institutions—and from the major British clearing banks which have greatly increased their Scottish operations in recent years—prime office rents in the city have defied the recession and are now beginning to move ahead quite sharply.

Rents are still too low, however, to justiy major speculative new developments. There is still a mass of secondary quality office space lying friendless in the supply statistics. But Glasgow's office market now seems past the worst.

After a net 35 per cent. increase in rate charges for prime offices this year—according to Debenham Tewson and Chinnocks' latest rent and rates survey—Edinburgh now ranks as the most expensive office location outside of Central London. The city also has a mass of new speculative developments coming on stream in the next few years, and a letting market that looks insufficiently strong to absorb this new building rapidly enough to see more than a nominal upward movement in rents.

Aberdeen is a more complex market. Its supporters see the North Sea oil-primed expansion of service industries in the area as a permanent phenomenon. Its critics fear that the oil boom will fizzle out within 10 years. In fact, the case for the long-term development of Aberdeen as an important Northern European oil and service centre supplementing its traditional roles as a regional capital, university city and trading centre looks too logical to be dismissed. The oil majors clearly take a long-term view of the city, and, as more move to Aberdeen it looks certain to consolidate its position as the centre of the £1,000m. a year offshore supply industry. Office space of international quality is scarce, and although the fashion for campus style developments skirting the city has so far prevented a rental explosion, it is hard to see what can now stop the continued rapid increase in local office, shop, industrial and residential property values.

On the industrial front the short-term outlook for private developments and industrial rental growth in Scotland is depressed by the sluggish pace of economic recovery. But longer term, the developers have an enormous task if they are to help drag Scottish manufacturers out of the industrial museums so many have held on to since the first industrial revolution. In the meantime, private industrial development is concentrated on the needs of the distribution industry.

Scottish distributors have been more willing than manufacturers to move to new buildings because of the markedly changed pattern of freight transport in recent years. Scotland is now substantially more road-orientated than the rest of Britain, with over two-thirds of all freight carried by road, the remaining third being shared by sea, rail and an increasingly important air transport business. As 60 per cent. of the population lives in less than 6 per cent. of the land area in Scotland's southern central industrial belt, new warehouse and distribution centred on the Greater Glasgow motorways have become the classic "prime" units. And pressure for out-of-town wholesale/retail schemes keeps developments with planning consent for a retail element at the top end of the rental scale.

The steady rise in consumer spending that has gone unchecked by the general economic recession has kept Scottish shop property on the boil. Investment pressure for prime units in the traditional Scottish retail centres has forced buying yields in Glasgow's Argyle Street, and in Princes Street, Edinburgh, on to a par with the very best locations in Central London. Local financial institutions' longstanding domination of the retail investment market, and the consequently tight market in such prime located property, helps to underpin investment values. But outside the prime areas this year's rating increases may force widespread rationalisation of multiple-traders' outlets and still more interest in larger out-of-town schemes.

Scotland's residential property market started 1978 on a downtrend, with price rises falling behind the average rate of increase in England and Wales for the first time in four years. But at least Scottish housebuilders have a stable, rising trend of home ownership underlying this temporary downturn. Only 33 per cent. of houses are privately owned in Scotland compared with a national average of 54 per cent. As more and more people in Scotland move from rented accommodation, at least the cheaper end of the housing market has a firm captive market.

On buying a house

The purpose of this article is to explain the Scottish system of housebuying to those with no knowledge of it, but I fear that it will be coloured throughout by an Englishman's bewilderment. However, readers south of the Border may find something instructive in the story of my bemused attempt to find my way through the minefield.

I first had an inkling that things were not going to be arrival in Edinburgh I began to look through the property ads. in the newspapers. For one thing the prices quoted were not nearly as horrendous as I had been led to believe they would be. For another the mysterious word "upset" appeared with regularity, and the more I puzzled over its meaning the more I began to fear I might be the one who was going to be upset.

My colleagues in the office gave me my first lesson in Scottish house purchase. The prices quoted in the paper, they told me, were not, as I had fondly imagined, maxima but minima. The Scots, unlike the English, do not expect to be bid down when they *offer* property for sale: they give their "upset" price as an absolute rock-bottom figure and expect to be bid up.

Lesson two came a short while later after I had actually seen a few properties and settled on one which I wanted to buy, "upset" or not.

The beauty of the English system, it seems to me, is that the two sides may haggle a little, huff and puff, but will eventually come to an agreed price and that's it. I tried this approach on the man who owned the house I wanted to buy. "How much?" I said. "£1,500, that's my upset," he said. "Yes, but how much do you actually want?" I added. "15,000, that's my upset," he replied.

Repeating

So we went on. I bid high, I bid low. But he would not be moved. He kept repeating the same phrase and not even by the intonation in his voice could I get the slightest hint of the amount he wanted for his house or expected to get.

Lesson two, then, is this. Except when you hit upon another expatriate who does not understand the system either, a person selling a house in Scotland will not haggle. All bids must be submitted in sealed envelopes to the vendor's solicitors. They are then all opened on the same day and the highest wins.

From then on the bargain is said to be legally binding. The lucky bidder cannot get out of it and the unlucky ones—even if beaten by as little as 5p—do not get another chance to bid.

The merits of this behind-locked-doors system, my colleagues explained, was that it made the English disease of gazumping impossible, and for a time I believed them. But now I am a little wiser. For a start there are sometimes unscrupulous sellers or (whisper it quietly) canny solicitors who by a nod and a wink to the second highest bidder will get him or her to put in a new and higher offer. The effect of this negotiation in the dark, particularly in times of housing shortage, is to make people bid as much as they can possibly afford, regardless of how much the house is worth.

There is always the danger that you will bid as much as you can afford and still be beaten by the odd few pounds. So some would-be buyers try to anticipate the bids of their competitors. They bid £15,550 instead of £15,000. A few people take this to extremes, putting in offers like £15,555.55½ and hoping to beat other bidders by the odd half-penny. My technique, adopted after a number of failures, was simply to scrape together every pound I could find and bid the same price for every property, regardless of what I thought it was worth, or what the "upset" was.

I am happy to say I got what I consider to be a bargain, but I am sure that it was luck rather than good judgment and I do not know to this day if I was ½p over the next highest bidder, or £50 or even £5,000. Nor, for that matter, do I know for certain that there were other bidders.

You will have gathered that I am no great fan of the Scottish system of housebuying; I think it is unnecessarily complicated. But that is not to say that I do not see some advantages in it which could be blended with the English method to mitigate some of the latter's faults.

The legally binding offer is one good feature. There is nothing more infuriating to the seller than the buyer who makes an offer, says nothing for three weeks and then changes his mind. In practice the Scots sanction has little real force, since there are few sellers who want to leave their homes stagnant on the market for the period it would take to get a recalcitrant buyer into court. But it does seem to exert some moral pressure and, in contrast to England, there are few Scots who would back down on a bargain once it was struck.

The other good feature, it seems to me, is the competition between solicitors and estate agents to sell property. Not so long ago all property in Scotland was sold by solicitors, who combined this service with the conveyancing to give an all-in-one package. The advantage was that it was cheaper than paying both a solicitor and an estate agent. One of the disadvantages was that solicitors very rarely knew how to "market" a house properly, so if there was no response to the ad. in the newspaper, that was that.

Influx

In the last few years there has been a big influx of estate agents into Scotland to break this monopoly and their arrival has encouraged the growth of indigenous firms. They offer all the services of their counterparts in the south and some try to blend the best features of the Scottish and English systems by encouraging their clients to go for fixed price sales.

The solicitors, it must be said, have not taken this lying down and one of their best innovations is a direct result of this competition. Edinburgh and several other Scottish towns and cities now have Solicitors' Property Centres—shops where people wishing to buy houses or flats can look through folders giving details of all the property in the area being offered for sale by solicitors.

Ray Perman
Scottish Correspondent

Life offices' involvement

THE U.K. life assurance industry, together with pension funds, is the main provider of capital for the property market and since the Second World War life assurance funds have been steadily invested in property. Individual investors have turned to life assurance as offering a steady medium and long term investment through with-profit endowment assurance. Many small and medium-sized companies have used life assurance companies to operate their pension arrangements for employees. In such circumstances, property as a long term investment can meet the requirements of the life assurance companies. Increasing rental incomes and property values can materially assist in enabling life companies to increase their bonus rates on with-profit contracts. Property, the longest-term investment available, can cover the liabilities of pension schemes where benefits are linked to inflation.

The Scottish life companies have been involved, to a greater or lesser extent, in this growth in property investment. These life companies have achieved leading positions in with-profit performance through steadily rising bonuses. Standard Life, the largest of them, is one of the leading pension companies in the U.K., while the other companies are all active in providing pension business. There is a need for property investment by the Scottish life companies, boosted by the establishment of specialised funds for pension scheme investment.

In general terms, the investment portfolio of a life company should have a wide spread in order to stabilise the returns and minimise the risk of losses. Life companies are seeking steady growth in income and capital appreciation, not spreading the holdings between shops, offices and industrial property and having properties of these types spread throughout the U.K. For example, life companies have endeavoured to avoid having too great a concentration of office property situated in London and South-East England.

It is for this reason that the Scottish life companies have not concentrated their property holdings in Scotland itself or felt obliged to support Scottish property development to an unduly large extent. The investment manager's prime responsibility is to the policy holders with the company and with mutual life companies, which have no shareholders, this is especially true. And all but one Scottish life company are mutual companies. Almost without exception, well over three-quarters of the policy holders with each of the Scottish companies are situated outside Scotland, mostly South of the Tweed and Cheviots. Clearly these companies should not concentrate on Scottish property development unless this is considered to be in the best interests of policy holders. All property holdings are considered solely on their investment merits, of which regional considerations are just one factor.

Scottish life companies, therefore, do not invest in property simply because it is situated in Scotland. Nationalistic or devolution considerations do not enter into the investment considerations. The Scottish National Party has remained vague on the subject of financial involvement of the Scottish life companies in Scottish development.

Higher

But some of these life companies do have a slightly higher proportion of their property assets in Scotland compared with their English counterparts. To start with their main offices, part of the portfolio, are situated in Glasgow and Edinburgh with some dispersal to other towns. This will push up the proportion of property in Scotland. Then the investment manager is that much closer to the Scottish market and understands investment in that area a bit more than in other areas in the U.K. But the proportion has never been and is unlikely to be unduly high.

Many life companies will not get involved in property development at all, contending that this is not their function and acknowledging that this is a more risky investment area and expertise is needed. Others are very willing to participate in development as well as investing in completed properties. Much depends on the tradition and expertise available.

Standard Life has for several years been a strong investor in property. This now accounts for 16 per cent. of assets which at the end of its last accounting year—November 15, 1977—amounted to £2.1bn. It has been one of the most active participants among life companies in property development, preferring to invest through development rather than in direct purchases of completed properties. At present over three-quarters of property investment is through development—the company was involved in the Brent Cross shopping complex in North London and is now engaged in the Cutler Street Warehouse development in the City of London.

The company is active in Scottish property development, which accounts for about 15-20 per cent. of its property activities, in proportion to the number of Scottish policyholders. It has just completed a £9m. shopping centre complex in Stirling and an office block in Livingstone new town.

Currently, Standard Life has among its developments in Scotland an industrial warehouse project in Edinburgh and another at Inverkeithing in Fife, plus an office block in Dundee. It has only one or two small projects in the area directly affected by the oil boom. Nevertheless, the company is making outlays in the region of £30m. a year on property development.

In complete contrast, Scottish Widows', possibly the most well known of Scottish life companies, has never been very active in property investment, preferring to concentrate on the equity market. It will buy good first class property at the right price, but its purchases have been few and selective. Property only accounts for about 8 per cent. of assets and the company in general has done very little development. Even its managed pension fund, which offers an investment management service to pension funds providing a complete spread of investments, has no property in the portfolio at present.

Rapidly

Scottish Amicable, a company that has grown very rapidly in recent years, has been steadily building up its property portfolio in recent years from very small proportions to over 15 per cent. of overall assets. It both acquires existing complete properties and participates in development—and at present it is engaged in a major shopping development in Sauchiehall Street in Glasgow, where its head office is situated.

Scottish Mutual, the other major Glasgow-based life company, also invests in property both by acquiring completed buildings and by development. It has possibly a higher proportion of its property portfolio in Scotland and is currently engaged on developments in Aberdeen, Dingwall and Inverness as well as in East Kilbride and one that has just been completed in Glasgow.

Scottish Equitable has about £25m. in property with most of its Scottish holding concentrated in Edinburgh. It deals mainly in completed property, with not more than 10 per cent. of its outlay on property being used for development. This company has only entered the property sector in recent years after a long period when it kept out of the sector.

Scottish Life has just completed the Orchard Bray House office block in Edinburgh with 110,000 square feet of space. The company is now seeking tenants for the block, its largest single property investment. It has an office block in Glasgow and its head offices in Edinburgh but otherwise very little property in Scotland.

The Scottish Provident has very little property in Scotland but otherwise it has a fair geographical spread of its portfolio. It has tended to acquire completed properties for its portfolio. The company is not enthusiastic about property at present.

Eric Short

The market in homes

SCOTLAND MAY be a regional unit as far as the Department of Trade is concerned, but nobody in the local house property business is under that illusion. There are several Scotlands, and business very much depends on which one concerns you. Sweeping talks of movements in house prices "in Scotland" as against, say, "East Anglia," is very sweeping indeed. What matters is whether your interest lies in Kirkwall or Kelso, Dingwall, Dalkeith or Dalmarnock.

Nothing demonstrates that truth more than the history of Aberdeen in the early seventies. For while the early oil boom was sending prices there up to the point where only London and the South-East of England seemed dearer, prices in and around the depressed West Central Scotland area were consistently sluggish.

Similarly, in the near future, there is good reason to expect that a Scottish Assembly in Edinburgh will give a powerful boost to the property market in central Edinburgh, and in those residential areas within commuting distance. But an Assembly is unlikely to help sell houses in and around Airdrie, Coatbridge, Motherwell and Lanark.

Knowledge of local conditions is in fact essential. Without an understanding of the varied micro-markets within Scotland, mistakes — and conceivably costly ones — are inevitable. Only the divergence of area from area makes sense of the conflicting claims of those in the property business.

In April, 1978, for example, the Nationwide Building Society announced that house prices in Scotland rose by less than the U.K. average during the first quarter. In the same month the Scottish branch of the Royal Institute of Chartered Surveyors announced that house-buying in Scotland in that same quarter had been "furious." The Nationwide talked of a 4 per cent. rise against the U.K. average of 5 per cent.; the surveyors of rises "between 5 and 10 per cent." A leading firm of estate agents, Bernard Thorpe and Partners, revealed in the same month that flats in Edinburgh had in some cases risen by 15 per cent.

Newcomers

The impulse is obviously to conclude that they cannot all be right. But of course there is a sense in which they could. The larger British building societies are relative newcomers to the Scottish scene, and are by no means as universally involved in all sections of the residential market as they are in the south. They are, from choice, rarely met in the older urban market-place for tenement flats: and their geographic penetration of the wider market in new homes, and superior second-hand ones, tends to vary very widely from society to society and district to district.

Surveyors, on the other hand, are involved at most levels, while estate agents are slightly skewed towards the top of the market since the Scottish tradition of buying and selling through solicitors is still strong. Indeed estate agents, building societies and the English clearing banks are all relative newcomers.

That is true for all of Scotland. For most of Scotland it is also true that the private housing sector is itself only a stripling compared with the lumbering giant of the public sector. In England and Wales nearly 60 per cent. of homes are privately owned; in Scotland little more than 30 per cent. Most Scots live in homes owned by either their local authority or the Scottish special housing association or a new town development corporation or public bodies like the Forestry Commission, Electricity Boards and Coal Board.

Furthermore, within the private sector it is still unusual for a Scottish home-owner to be paying off a building society mortgage: less than half of the owner-occupiers are directly involved with the familiar worries about movements in the mortgage rate. Particularly for those in older urban flats, and in smaller country cottages, it is likely that the property is owned outright, by inheritance or completed purchase, or is being financed by some source other than a building society.

That certainly helps to explain the apparent discrepancies in reports. But there is little doubt that the Scottish pattern is changing, and changing slowly towards the wider U.K. norm. In the last decade the building societies have invaded Scotland's High Streets, increasing their branches six times over, and their influence in favour of wider home-ownership is reinforced by politicians of every party—for even the Labour Government has now lent its qualified support through last year's specifically Scottish Green Paper on housing.

So picking a discreet and delicate path between the district peculiarities of the Scottish scene, we can detect certain general trends. It is certainly true, as the Department of the Environment has suggested, that Scottish house prices rose faster between late 1976 and the beginning of 1978 than in any other area except the north of England.

The present position is that the average price of a new house in Scotland is £16,240, while a modern second-hand house is around £15,890 and an older one £12,820. This makes the average overall £14,850, against a U.K. average of £13,850 and a Greater London figure of £16,590. This year will see, for the first time in living memory, more private sector homes built in Scotland than public sector. It will also see, without any question, a distinct rise in the price of those houses.

The resurgence of the Labour Party at local government level means that the flow of council homes on to the private market will remain at derisory levels—for the one group that deplored the Green Paper's concessions to this demand was local Labour Party activists. Without that, there is general agreement that the supply of private homes is still well below demand, and that one of the first calls made on any rise in real incomes will be for a rise in housing standards. The enthusiasm is there, but not the product.

Prices therefore will rise—not only in optimistic Edinburgh and along the relatively advantaged East Coast, but even in the depressed West. Earlier this year the Volume House-builders Study Group, representing the seven largest private house-builders in Britain, set out the equation for all to see.

Changes

Either, they said, the Government and the local authorities (and the important ones in Scotland are Labour) alter their policies, or prices go up. The changes they called for included a speeding-up of planning procedures, an acceptance of uniform standards and the release of much more building land. Barratt Developments, one of the leaders in Scotland, claims that it costs them £2,500 more to build a house in Scotland than in England—£2,000 of that attributable to unnecessary delays and excessively high standards for roads and sewers. The effect of this, according to the trade, is that whereas an English family with an income of £3,500 can afford to buy a house, in Scotland they need more than £4,500.

Some families obviously have the means, and their eagerness to buy is reflected in recent price increases of the magnitude reported by Bernard Thorpes, with Edinburgh flats and suburban houses in particular jumping by far more than the 10 per cent. which the surveyors noted.

For 1978, then, the forecast is only moderately cautious. Not many experts predict a sustained price explosion but none foresees any kind of collapse. The most common complaint from the estate agents is that there is a shortage of good-quality properties. Once advertised, homes are staying on the market for a markedly briefer time than a year ago, and for all the caution voiced by building society managers conscious of their quotas, there is not yet any significant sign that borrowing difficulties are restraining purchases.

D. K. Barnton

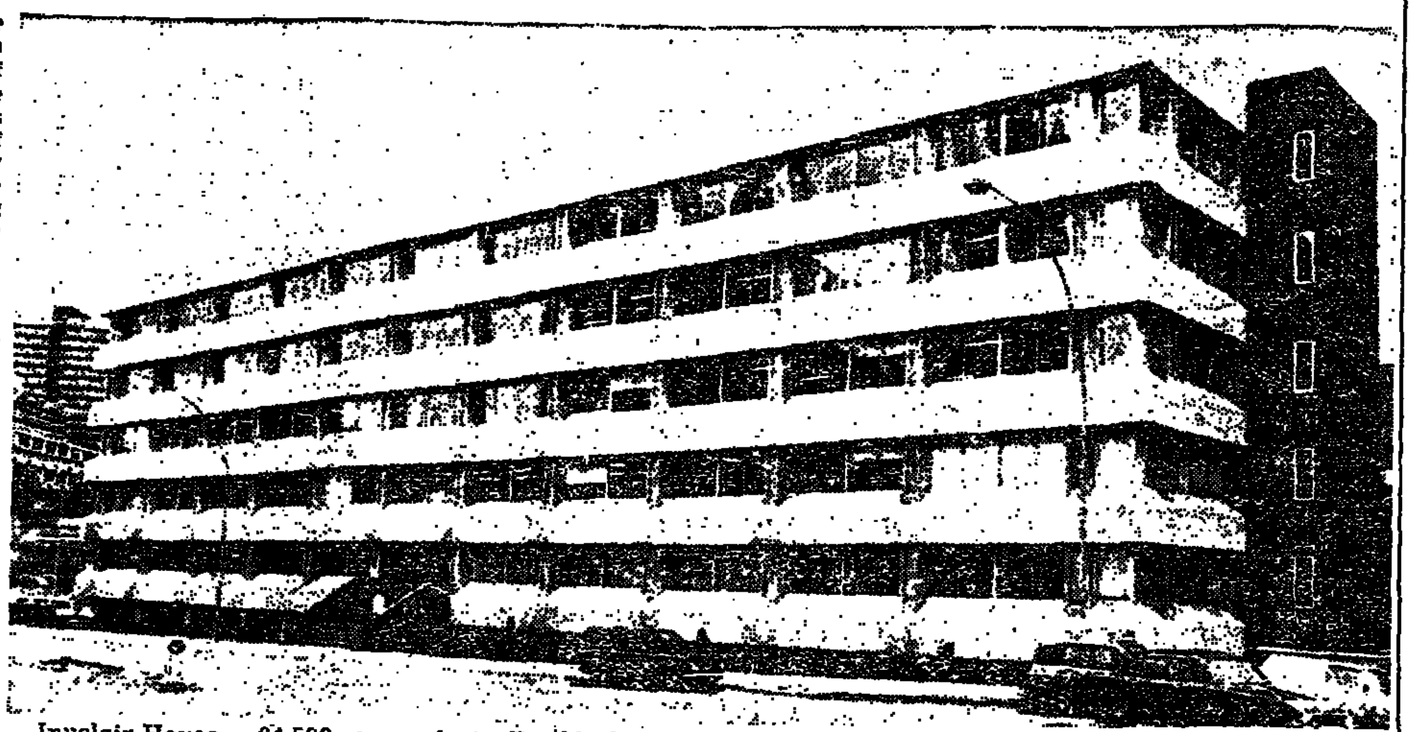
PROPERTY IN SCOTLAND III

Commercial market

THE BACKGROUND to the rental market for property in Scotland through the rest of this year and into next is the pattern of business prospects for Scotland. A number of economic studies recently carried out suggest that the Scottish economy is beginning to revert to the pattern of the rest of the country.

For the past five years or so Scotland has been marching to the beat of a different economic drum. Oil is the biggest factor behind this different tempo by far, of course, but there are other not insignificant reasons why the Scottish economy has been growing at a different rate.

Not least amongst these has been the impetus of impending *devolution*. It is no accident that, with all political parties trying to win votes over devolution, investment in Scotland has been pushed up to levels out of step with the rest of the country, including other special development areas.



Invelair House, a 64,500 square foot office block in Aberdeen, developed jointly by Teesland and Bovis, has been sold for Legal and General for just under £2m.

Between 1971 and 1975, for instance, Scotland got a disproportionately large share of total U.K. industrial investment. From 9.9 per cent. of all capital invested in 1971, its share grew to 12.5 per cent. in 1975 although its share of the gross domestic product grew only slightly to 9 per cent. The figures exclude offshore development, but they do include onshore development which is oil-related.

Investment in Scotland can be seen in more concrete terms in the figures from the Scottish Agency. It has invested £17.3m. in 30 companies, each of which has received an average of just over £500,000. This figures is considerably higher than for areas such as the North East of England.

Nor has the investment been predominantly in oil-related industries. One typical example in March was the £1.4m. invested in Stonefield Vehicles, an Ayrshire truck manufacturer which plans to build up its workforce from its current 60 to around 400.

The question now is whether this pattern is beginning to change. In the past couple of months one economic forecast has suggested that Scottish economic output is on the verge of standstill. It is likely to be of the order of only 1 per cent. over the next year and unemployment (now around 180,000) will climb to over 200,000 by August though it may then level out.

A second study, undertaken at about the same time, suggests that the business community is already fully aware of this trend. In April a survey of Scottish companies showed that 27 per cent. were less confident of their business prospects than they had been even three months previously and were preparing for a period of pretty well nil growth.

This then, provides the background against which property men are having to weigh up the prospects for rents and lettings.

However, the indicators are not all set at "stop." A considerable amount of investment is still going on—from the completion of dual carriageways between Glasgow and Edinburgh, to major housing schemes, institutionally financed shopping centres; and large public works, such as the £13.5m. which is to be spent on Sumburgh airport which is the entrance to the Shetlands. Overriding everything is the £120m. Government grant for the rehabilitation of Glasgow's East End.

In the meantime, each of the three main commercial property sectors appear healthy overall and the number of new schemes being proposed suggest a considerable degree of confidence.

On the office front a recent survey by Debenham Tewson and Chinnocks which reveals that Edinburgh is top of the provincial rental charts, comes as little surprise. The heart of Edinburgh has always been one of the most prized office locations in Great Britain and extraordinarily tight planning restrictions have kept space at a premium.

Now, following a 35 per cent. increase in rates, total costs (that is, rent and rates) of central Edinburgh offices are £6.34 per square foot, according to Debenhams. Even that figure may become too low in the next few months as at least one less central office scheme is put up for rent at an asking price of £5 per square foot, excluding rates.

More surprising in the Debenham survey is the fact that Glasgow slots easily into third place behind London and Edinburgh, with total costs of £5 53 per square foot. Once again, it is restriction on supply which is at the heart of the rises.

Growth

However, it is Aberdeen which provides the outstanding example of growth. Drivers Jonas recently commissioned a major investigation of the property market in Aberdeen which revealed that office rents are now £5 per square foot compared with £3.50 a year ago. The firm says that there are only 55,000 square feet of new offices coming on to the market whereas there are at least three oil companies which will be looking for between 150,000-200,000 square feet in the next two years.

One private property development company which has been deeply involved with schemes in Aberdeen since 1972 is Teesland, a Stockton-on-Tees-based group headed by Mr. Martin Cohen, a solicitor. On the office front the group has concentrated on relatively small office redevelopments each of which it has been able to sell on completion.

The growth in expectations for offices in Aberdeen is most clearly seen in one particular office block developed by Teesland, Invelair House. This 64,500-square-foot block, jointly developed with Bovis, was sold to the Scottish Electricity Board pension fund for £830,000 in 1973. Now it has been sold to Legal and General at a figure reputed to be just short of £2m.

Teesland, however, is now more involved with industrial schemes than with offices; within its current £5m. development programme is a 220,000-square-foot industrial park at Altens, on the outskirts of Aberdeen.

Industrial developments which have been carried out to date in Aberdeen have virtually all been extremely successful. Dyce Park, adjoining the airport, for instance, is commanding rents of between £1.50 and £2.50 per foot and the first phase of the scheme (carried out by a joint venture company composed of the Charterhouse Group and the Royal Bank of Scotland) has been sold to Prudential Assurance for £1.8m. This represents a yield of around 9 per cent.

Glasgow, too, is coming back into its own as an industrial centre. The climb out of recession is probably still no more than a crawl and the most recent economic surveys may suggest a further inhibition to growth but at least the prospects now look fairly optimistic.

Recent availability studies suggest that there is around 180,000 square feet of industrial space available in larger units in Greater Glasgow with a further 500,000 feet either just coming on to the market or not far away. Despite what seems, therefore, a relatively large supply, rents are firm at between £1.20 and £1.50 and most developers are putting the finishing touches to further schemes.

Shopping

Whatever the relative firmness of the office and industrial markets in the main cities, however, it is shopping which is really capturing the limelight. The spate of recent letting deals, one-off building programmes and major shopping centres suggests a virtual boom.

In Dundee, for instance, Prudential's £12m. Wellgate shopping centre has been 80 per cent. pre-let with prime tenants in the 26 stores. Rents are thought to be in the £5 to £6 range. Less centrally, Standard Life has a £3m. scheme where the rents are around £3 per foot and short rent free periods are being offered.

The main activity, however, is centred on Glasgow's Sauchiehall Street. The most recent news is that Arrowcroft Investments, a private property company, is to build a £3.5m. shop and office scheme on the site of the former Daly's department store, once part of the House of Fraser. It will provide 30,000 square feet of retail space in addition to 12,000 square feet of offices.

When completed, the scheme will reinforce the drawing power of Sauchiehall Street, already a prime location, not least because it will be right next door to the recently opened Sauchiehall Street Centre which has 180,000 square feet of retail space.

It is also close to the new 60,000 square foot store for Boots and in the recently pedestrianised part of Sauchiehall Street which contains Marks and Spencer, Littlewoods and C and A.

In the same street, British Home Stores has bought the longe leasehold of the former Arnotts store from International Caledonian Assets. The store adjoins BHS's present building and the conversion scheme planned with Sears Holdings will also include a 34,000 square foot frontage development for Miss Selfridge, British Shoe Corporation and a spare unit. The premium quality of the position is reflected in the rental being asked for this unit—£55,000.

The overall picture for the commercial property market in Scotland, therefore, looks healthier than it has done for the past four years and developers, who are still treading cautiously since the 1974 slump, are continuing to invest new money backed up by enthusiastic institutional funds.

However, there are early signs of clouds on the economic horizon which suggest that new developments, still only on the drawing board, may have to be carefully budgeted to absorb an increased degree of downside risk. Industrial schemes are most at risk in this context, not only because of the threat of falling output but also through competition from the Scottish Agency which is stepping up its advance industrial factory programme.

Christine Moir

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

European investors fuel 12-point gain

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 11.

PRICES pushed ahead vigorously in heavy trading on Wall Street to-day, as investors brushed aside news of an increase in the Federal Reserve system's discount rate.

The Dow Jones Industrial Average closed 12.04 higher at $834.20 and the NYSE All Common Stocks index 66 cents ahead at $54.38.

Volume expanded 3.30m. shares to 36.63m., with advancing issues outnumbering declining ones 1,004 to 528.

The half-point increase in the discount rate to 7 per cent., which was announced prior to the opening, had been widely expected and was seen as "corrective medicine" against rising inflation.

Helping the market was the renewed interest of European investors, encouraged by the dollar's continued firmness in foreign exchange markets.

And yesterday's Government report of a 2 per cent. rise in April's retail sales also aided sentiment. The news reinforced hopes that the economy would grow more vigorously in the second quarter.

A worrying factor was the rising money supply, although the Federal Reserve's report of a $4bn. expansion in the M1 aggregate came too late to affect the market.

Computer and Semi-conductor stocks were among the rally's leaders, with IBM climbing $5¼ to $265, Burroughs $2¼ to $71½, NCR $2¼ to $54, Honeywell $1¾ to $53⅞, Data General $2¾ to $55⅜, Digital Equipment $2¼ to $49⅛.

Among companies raising their dividends were Kodak, up $2⅜ to $54⅛, Singer, $⅞ ahead at $22⅛, and McDonald's, steady at $48⅞.

Avon Products, predicting a 40 per cent. sales rise this year, jumped $3⅛ to $58⅛.

On the acquisitions front, Woolworth picked up $⅛ to $19⅞ after the announcement that merger talks with Rockower Brothers—$13⅞ when last traded—had been ended.

Seven-Up rose $⅛ to $46½ bid, in over-the-counter trading, after a six-point jump yesterday on the basis of a sweetned merger offer from Philip Morris—up $1⅞ to $66.

Among other gainers, Polaroid rose $2¼ to $35, Teledyne $2⅛ to $89¼, Du Pont $3⅛ to $116, and General Motors $⅞ to $62⅞.

Prices rose sharply in active trading on the AMERICAN SE.

The index gained 0.88 to 141.56, with volume up 780,000 shares at 5.54m.

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
J. Ray McDermott	496,000	39¼	—
Ramada Inns	450,000	9⅛	-⅛
Gulf Oil Corp.	312,600	25⅞	-⅛
Allis-Chalmers Corp.	270,300	32	+1⅞
Boeing	261,700	50⅞	+2
Polaroid Corp.	257,800	35½	+2⅛
Digital Equipment	241,300	49⅛	+2¼
Gardner-Denver	219,700	21⅞	+1⅝
Scott Paper	213,100	15⅞	-⅛
FAL Inc.	210,400	22½	+1

OTHER MARKETS

GERMANY—Generally easier, chiefly because of lack of demand.

Daimler-Benz, which announced higher parent company net profits for 1977, lost 40 pfennigs to DM296.10.

In easier Chemicals, Bayer, which announced lower first-quarter parent company pre-tax profits, eased one mark to DM138.

In Stores, Karstadt fell DM3.50 after its announcement of a fall in 1977 net profits and a lower dividend.

Elsewhere, AEG-Telefunken, which announced lower 1977 domestic group net profits, eased 10 pfennigs to DM81.10.

Engineerings were mixed with Mannesmann losing DM1.80 to DM150.2, but Linde gaining the same amount to DM236.30.

PARIS—Prices eased across the board in thin trading, with the market gloomy following the announcement of a Frs.3bn. State loan, which is liable to deflect a good deal of available liquidity from equities.

The 1.4 per cent. rise of imported raw material prices last month, coming on top of the recent series of price rises announced by the nationalised industries, also undermined sentiment.

Stores and Leisure stocks were the worst-affected sectors.

TOKYO—Slightly higher in moderate trading, led by speculatives and low-price issues. Volume totalled 250m. shares.

Machines rose on Wednesday's announcement of a 34 per cent. rise in Japanese private sector machinery orders in March. Ishikawa Seisakusho rose Y12 to Y203 and Ikegai Iron Works Y4 to Y172.

Constructions, Pharmaceuticals and Cameras closed generally higher, but some "blue chips" and Populars fell on liquidations—Toyota Motor fell Y11 to Y965, Nippon Oil Y11 to Y710 and Matsushita Electric Y4 to Y741.

MILAN—Higher in fairly active trading on mainly technical considerations.

Leading Industrials and Financials to gain included Snia Viscosa, up L27 to L589, Montedison, L5 ahead at L136, both Olivettis and Pirellis.

Bastogi put on L8 to L418 and Fiat 13 to L1,937, while Assicurazioni Generali also rose.

CANADA — Higher in busy trading, the Toronto Stock Exchange index closing 3.9 in front at 1,095.8 and the Montreal Composite index moving ahead 0.24 to 185.51.

Among the sector indices, Transportation rose more than 15 points while Metals added 6.0 at 922.9, Golds 4.7 at 1,312.7 and Oils 4.5 at 1,403.2.

Electrohome "A" was up 20 cents to $3.20—the company said it had received a $C4.25m. contract for electronic equipment.

Scythes and Co. fell 25 cents to $C4.25 on lower year earnings and Crestbrook Forest 10 cents to $C4.80 on a first-quarter loss.

BRUSSELS—Mostly higher in more lively trading.

Sofina, Austurienne, Cockerill, Clabecq, Hainaut-Sambre, Arbed, Socfin, GB and Solvay all rose, but Electrobel, eased B.Frs.40 to 6,600, Union Miniere B.Frs.16 to 772, Hoboken B.Frs.45 to 2,205 and UCB B.Frs.28 to 952. Cometra and Tabacofina also fell.

Petrofina lost B.Frs.25 to 4,280, but its American stock rose.

AMSTERDAM—Generally lower, partly due to profit-taking.

Hoogovens led declines among Dutch Internationals, losing Fls.1.10 to 31.7. Elsewhere lower shares were led by KNSM, Nedlloyd, Oce-Van der Grinten and Deli.

Heineken put on Fls.2.50 to 101.90 and Ennia Fls.4.20 to 146. Insurances were mostly higher, led by Amfas.

SWITZERLAND — Quietly steady, consolidating recent gains.

Although turnover was restricted, Bearer shares of Swissair, Credit Suisse and Oerlikon-Buehrle were traded more actively without significant price changes.

AUSTRALIA—Some early gains were pared down during late trading in a market remaining buoyant after an easing of official long term bond rates. The Sydney All Ordinary share index rose 1.08 to a new 1978 "high" of 482.40.

BHP moved up to a new high of 6.66 before closing 2 cents down at $A6.58. Banks closed below their "highs," but NSW made a net gain of 2 cents to $A5.42. The National eased a cent to $A2.47 ahead of its half-yearly results.

Property, Builders and Retailers were mostly steady, apart from David Jones which gained 4 cents to $A1.24.

In Uraniums, Pancontinental advanced, but news of a settlement in the dispute which threatened the Government's uranium legislation did not help other stocks.

Western Mining gained a cent to $A1.26, while Renison rose 30 cents to $A7.50 and Consolidated Goldfields 5 to $A2.55. MIM slipped a cent to $A1.97 and Bougainville, North BH and CRA were all lower.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated; yields based on net dividends plus tax. ♥ Ptas 500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. ♠ Frs 500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. [illegible]

Indices

NEW YORK—DOW JONES

	May 11	May 10	May 9	May 8	May 5	May 4	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	834.20	822.16	822.07	824.58	829.09	824.41	844.55 (1/5)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.60	88.74	88.80	88.89	88.90	89.06	90.86 (4/1)	88.60 (9/5)	—	—
Transport	224.66	222.00	221.51	223.41	224.78	225.90	225.51 (1/5)	198.31 (9/1)	278.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.47	104.63	104.64	105.48	105.85	105.01	110.98 (5/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	36,630	33,330	30,860	34,660	42,690	37,520	—	—	—	—

*Basis of Index changed from August 24

	May 8	April 28	April 21	Year ago (approx.)
Ind. div. yield %	5.61	5.58	5.75	4.60

STANDARD AND POORS

	May 11	May 10	May 9	May 8	May 5	May 4	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
‡Industrials	107.46	105.96	105.92	106.25	105.64	105.32	107.92 (1/5)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	97.20	95.92	95.90	96.19	96.55	95.95	97.67 (1/5)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	May 11	May 3	Apr. 19	Year ago (approx.)
Ind. div. yield %	5.04	5.02	5.14	4.40
Ind. P/E Ratio	9.16	9.18	8.94	10.22
Long Govt. Bond yield	8.43	8.39	8.30	7.80

N.Y.S.E. ALL COMMON

May 11	May 10	May 9	May 8	1978 High	1978 Low
54.38	53.72	53.68	53.82	54.38 (11/5)	48.37 (6/3)

Rises and Falls

	May 11	May 10	May 9
Issues traded	1,911	1,901	1,923
Rises	1,004	795	650
Falls	528	605	828
Unchanged	379	501	445
New Highs	—	113	85
New Lows	—	29	31

MONTREAL

	May 11	May 10	May 9	May 8	1978 High	1978 Low
Industrial	177.74	177.68	177.72	178.82	181.47 (17/4)	162.30 (16/2)
Combined	185.51	185.27	185.29	185.97	187.93 (17/4)	170.62 (30/1)
TORONTO Composite	1095.8	1091.9	1091.8	1093.0	1093.0 (8/5)	998.2 (30/1)
JOHANNESBURG Gold	201.5	197.3	194.3	192.8	218.7 (1/3)	185.0 (30/4)
Industrials	222.8	221.9	221.1	220.0	222.8 (11/5)	194.9 (13/1)

	May 11	Previous	1978 High	1978 Low
Australia (*)	482.40	481.32	482.40 (11/5)	441.45 (1/3)
Belgium (†)	100.08	99.78	101.16 (8/5)	93.78 (10/3)
Denmark (**)	94.48	94.31	96.15 (3/1)	94.00 (6/2)
France (††)	66.4	66.2	68.7 (26/4)	47.6 (6/2)
Germany (‡‡)	767.3	770.4	812.7 (4/5)	765.3 (25/4)
Holland (§§)	80.5	80.2	82.1 (10/2)	76.0 (4/4)
Hong Kong (¶¶)	449.77	451.97	461.85 (4/5)	383.44 (15/1)
Italy (‖)	60.85	60.01	60.85 (6/5)	55.45 (10/1)
Japan (a)	410.39	410.80	416.11 (19/4)	364.04 (4/1)
Singapore (b)	307.26	306.85	307.26 (11/5)	262.0 (1/3)
Spain (d)	108.05	110.52	110.78 (9/5)	87.22 (17/3)
Sweden (e)	385.33	382.43	397.36 (5/5)	325.74 (3/1)
Switzerl'd (f)	289.0	291.7	296.56 (14/4)	279.0 (25/4)

Indices and base dates (all base values 100 except NYSE All Common — 50, Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (*) Sydney All Ord. (†) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

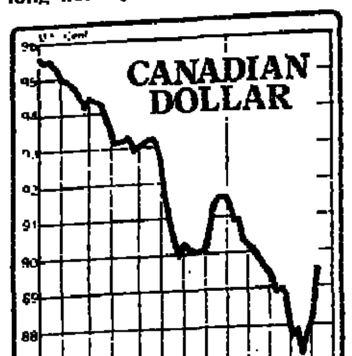
Dollar improves

The U.S. dollar gained ground in the foreign exchange market yesterday, while sterling tended to be depressed in late trading by news that the growth in U.K. M3 money supply during the last financial year was larger than originally indicated. Trading was fairly quiet however until the announcement about the money supply, and before the news that the U.S. Federal Reserve discount rate has been raised to 7 per cent. from 6½ per cent. These two events pushed the pound down to $1.8175-1.8185 from a high point of $1.8250-1.8260 recorded around lunch time. Sterling closed at $1.8185-1.8195, a fall of 55 points on the day, and its trade-weighted index, as calculated by the Bank of England, was unchanged at 61.5, after standing at 61.6 at noon and 61.4 in early trading.

The dollar's index, on Bank of England figures, rose to 90.1 from 90.0, while its trade-weighted depreciation, according to Morgan Guaranty of New York, narrowed to 5.24 per cent. from 5.31 per cent.

The U.S. currency improved to Sw.Frs.1.9735 against the Swiss franc from Sw.Frs.1.9662½, and to DM2.0995 in terms of the D-mark from DM2.0887½. The dollar also rose to Fls.2.2450 against the guilder from Fls.2.2385, and to Fr.Frs.4.6440 against the French franc, from Fr.Frs.4.6335.

Gold rose $1¼ to $175-175½, after touching a high point of $175¾-176¼. Reports of an incident on the Sino-Soviet border may have boosted demand. Volume was good during early trading, but tended to ease later, ahead of the long holiday week-end in Europe.



CURRENCY RATES

	Special Drawing Rights May 11	European Unit of Account May 11
Sterling	0.668797	0.672945
U.S. dollar	1.22022	1.22751
Canadian	1.36299	1.37184
Austria sch	18.3582	18.4536
Belgian franc	39.7792	40.0167
Danish krone	6.92353	6.96421
Deutsche m'rk	2.55258	2.56699
Dutch guilder	2.72902	2.74456
French franc	5.66335	5.69482
Italian lira	1061.10	1066.80
Japanese yen	274.650	276.168
Norway krone	6.62762	6.66392
Spain peseta	98.9574	99.4759
Swedish krone	5.65535	5.68095
Swiss franc	2.39956	2.41268

EXCHANGE CROSS-RATES

May 11	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.100-101	45.08-18	6.412-422	3.82-85	93.49-59	106.38-48
New York	47.63-56	—	21.48-50	3.049-053	1.8165-75	44.45-52	50.55-60
Paris	221.66-22.1	4.635½-647½	—	14.214-246	8.46-48	207.24-74	235.52-6.12
Brussels	15.57-62	32.59-64	7.01-04	—	59.46-61	14.56-61	16.56-61
London	3.31½-62½	1.8165-95	8.44½-46½	59.60-70		4.07½-08½	3.58½-55½
Amst'dam	106.94-29	2.235½-257½	48.14-19	6.8635-55	4.0785-0835	—	113.735-765
Zurich	93.832-999	1.9730-35	42.454-514	6.0122-0304	3.5823-61	87.901-926	—

U.S. $ in Toronto U.S. =111.56-111.60 Canadian cents
Canadian $ in New York =89.56-89.58 cents. U.S. $ in Milan 869.70-870.10
Sterling in Milan 1585.70-1586.35

EURO-CURRENCY INTEREST RATES*

May 11	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilders	Swiss franc	W. German mark
Short term	10-10½	7-8	7⅛-7⅜	4⅜-4⅝	½-⅝	3⅛-3⅜
7 days notice	10½-11	7-8	7¼-7½	4⅜-4⅝	⅛-⅜	3⅛-3⅜
Month	10⅞-11⅛	7⅛-7⅞	7⅛-7¾	4¼-4½	⅞-1⅛	3⅛-3½
Three months	11⅝-11⅞	7¾-8⅛	7¾-8	4⅜-4⅝	1⅜-1½	3⅛-3½
Six months	11⅞-12⅜	8⅛-8⅜	8-8¼	4½-4¾	1⅜-1½	3½-3⅝
One year	12⅛-12⅝	8¼-8⅝	8⅛-8⅜	4¾-5	1⅜-1⅞	3⅞-4⅛

Euro-French deposit rates: two-day 8-8½ per cent.; seven-day 8½-8¾ per cent.; one-month 8½-8¾ per cent.; three-month 9-9½ per cent.; six-month 9½-9¾ per cent.; one-year 10-10½ per cent.

Long-term Eurodollar deposits: two years 8$\frac{5}{16}$-8$\frac{7}{16}$ per cent.; three years 8$\frac{7}{16}$-8$\frac{9}{16}$ per cent.; four years 8$\frac{9}{16}$-8$\frac{11}{16}$ per cent.; five years 8½-8¾ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 7.40-7.50 per cent.; three-month 7.53-7.63 per cent.; six-month 7.95-8.05 per cent.; one-year 8.20-8.25 per cent.

* Rates are nominal calling rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

	May 11	May 10
Gold Bullion (a fine ounce) Close	$175-175½	$173¾-174½
Opening	$174½-175¼	$172¾-173¼
Morning fix'g	$174.85 (£95.756)	$173.10 (£95.414)
Aftern'n fix'g	$175.35 (£96.188)	$173.95 (£95.551)
Gold Coins domestically: Krugerrand	$181-183 (£99½-100½)	$179-181 (£98¼-99¼)
N'w Sov'gns	$54-56 (£29¾-30¾)	$53½-55½ (£29½-30½)
Old Sov'rgns	$53¼-55¼ (£29¼-30¼)	$53½-55½ (£29½-30½)
Gold Coins (internat'lly): Krugerrand	$180¼-182¼ (£99-100)	$178½-180½ (£98-99)
New Sov'rgns	$54¼-56¼ (£30-31)	$53½-55½ (£29½-30½)
Old Sov'rgns	$54-56 (£29¾-30¾)	$53½-55½ (£29½-30½)
$20 Eagles	$276-279	$275¾-278¾

FOREIGN EXCHANGES

May 11	Bank Rates %	Market Rates Day's Spread	Market Rates Close
New York	7	1.8175-1.8260	1.8185-1.8195
Montreal	8½	2.0380-2.0460	2.0315-2.0335
Amsterdam	4	4.06-4.09	4.07½-4.08½
Brussels	5½	59.20-59.70	59.60-59.70
Copenhagen	9	10.32-10.37	10.34½-10.35½
Frankfurt	3	3.80-3.83	3.81½-3.82½
Lisbon	18	81.50-83.00	82.35-82.55
Madrid	8	147.0-148.0	147.65-147.95
Milan	11½	1,578-1,586	1,582-1,585
Oslo	7	9.87-9.91½	9.88¾-9.89¾
Paris	9½	8.44-8.48	8.44½-8.45½
Stockholm	7	8.42-8.46½	8.42½-8.43½
Tokyo	5½	405-412	408½-410½
Vienna	5½	27.25-27.60	27.45-27.55
Zurich	1	3.57-3.60½	3.58¼-3.59¼

‡ Rates given for convertible francs. Financial franc 59.70-59.90.

OTHER MARKETS

			Notes Rates
Argentina	1,410-1,414	Argentina	1250-1350
Australia	1.6021-1.6184	Austria	26.5-28.0
Brazil	31.06-32.06	Belgium	59-60¼
Finland	7.7159-7.7259	Brazil	35-38
Greece	67.222-66.888	Canada	2.05-2.14
Hong Kong	8.44-8.46½	Denmark	10.25-10.45
Iran	125-131	France	8.40-8.60
Kuwait	0.500-0.510	Germany	3.78-3.86
Luxemb'rg	59.67-59.73	Greece	66-72
Malaysia	4.3565-4.6780	Italy	1560-1610
N. Zealand	1.7885-1.9065	Japan	400-415
Saudi Arab	622-632	Netherl'nd	4.00-4.10
Singapore	4.2590-4.2520	Norway	9.85-9.95

Rate given for Argentina is a free rate.

FORWARD RATES

[illegible]

OVERSEAS SHARE INFORMATION

Inv. $ Prem. $2.60 to £1109% (110¼%)
Effective rate (1.8190) 46¼% (47%)

NEW YORK

Stock	May 11	May 10
Abbott Labs	61½	60¼
Addressograph	21⅜	21¼
Aetna Life & Cas.	40⅛	38⅜
Air Products	28½	28

Stock	May 11	May 10
Corning Glass	53	51½
CPC Int'n'tional	49⅛	48⅛
Crane	30⅜	29½
Crocker Nat.	26⅛	27
Crown Zellerbach	32⅛	31½
Cummins Engine	40⅛	39⅝
Curtiss Wright	18	18¼

Stock	May 11	May 10
Johns Manville	31⅞	31⅝
Johnson Johnson	75	74¾
Johnson Control	32¾	32⅝
Joy Manufactur'g	34½	35⅜
K. Mart Corp.	24⅛	24½
Kaiser Aluminium	33⅞	33⅛

Stock	May 11	May 10
Revlon	47	45¼
Reynolds Metals	31⅞	31⅞
Reynolds R. J.	58⅛	57⅛
Rich'son Merrell	23⅝	22⅞
Rockwell Inter.	33⅛	33¼
Rohm & Haas	34⅝	33⅞

Stock	May 11	May 10
Woolworth	19⅞	19¾
Wyly	5¼	5
Xerox	49⅞	48¼
Zapata	16⅝	16⅝
Zenith Radio	16⅛	15⅝

[illegible]

CANADA

[illegible]

GERMANY ◆

[illegible]

TOKYO ¶

May 11	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	340		14	2.1
Canon	474	+4	12	1.3
Casio	605	+5	25	2.1
Chinon	350		20	2.9
Dai Nippon Print	584		18	1.6

[illegible]

Source Nikko Securities, Tokyo

AUSTRALIA

May 11	Aust. $	+ or —
ACMIL (25 cent)	†0.73	+0.03
Arrow Australia	†0.81	
Allied Mot-Fridg. Inds $1	†2.30	
Ampol Exploration	—	

[illegible]

OSLO

[illegible]

BRAZIL

[illegible]

Vol. Cr.123.0m. Shares 82.0m. Source: Rio de Janeiro SE.

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

Securities Rand $U.S. 0.73½ (Discount of 36.3%)

AMSTERDAM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

PARIS

[illegible]

SWITZERLAND ●

[illegible]

COPENHAGEN ♣

[illegible]

STOCKHOLM

[illegible]

MILAN

[illegible]

SPAIN ♥

[illegible]

VIENNA

[illegible]

هكذا من الأصل

هكذا مضى الأجل

FARMING AND RAW MATERIALS

European MPs clash over milk boards

BY DAVID BUCHAN

STRASBOURG, May 11.

BRITISH MPs of all parties clashed with their Continental counterparts in the European Parliament to-day on the vexed issue of the continuance of the U.K. Milk Marketing Boards.

However, a British filibuster was successful in postponing the vote on a resolution to modify the Boards radically until to-morrow when most other countries' MPs will have gone home.

The debate took place while EEC Farm Ministers in Brussels continued to wrangle over this year's price package which contains a Commission proposal that the U.K. boards should be allowed to continue, with certain modifications, including one that provides for their approval by 80 per cent. of British dairy farmers every five years.

One by one, British MPs stood up to attack what Mr. Mark Hughes (U.K., Labour) called "the mixture of ignorance, fear and jealousy" displayed by Continental speakers criticising the board's structure and operations.

Herr Isidor Fruh, for the Christian Democratic group, welcomed the fact that Britain had, apart from Ireland, the highest milk consumption per capita in the EEC, but said this was due to the excellent distribution system which was not inherent in the boards themselves.

M. Pierre Bourdelles, for the Liberal and Democratic group, supported by other Continental MPs, complained of the "equalisation" practised by the boards, whereby they pay every farmer, irrespective of the size of farm or its location, the same price for his milk. This prevented other EEC milk producers from competing against the less competitive U.K. farmers.

Mr. Ralph Howell (U.K. Conservative), said the boards were essential to maintaining the high level of liquid mik sales, a line of argument strongly echoed by Mrs. Kellett-Bowman (U.K. Conservative) who said the disappearance of the boards would destroy the "pinta habit" in Britain.

This would be serious at a time when, according to EEC Commission figures for 1976, 15 per cent. of total Community milk production had no market. Despite this, milk production increased in the EEC by 2,653 tonnes last year, with the addition of 41,000 more cows.

British MPs vehemently resisted what they saw as an attempt to lower the health standards enforced by the boards to allow substandard milk in from the Continent.

Mr. Hughes said he was not prepared to put his children's health at risk for the spurious argument of increasing Community competition in milk.

Green money changes will boost value of price deal

BY MARGARET VAN HATTEM

BRUSSELS, May 11.

IT NOW LOOKS as though the average level of institutional rises will be held to about 2.3 per cent., following the EEC farm talks, against the EEC Commission's target of a maximum 2 per cent.

But proposals for further devaluations of certain green currencies, the exchange rates used to translate common farm prices into national currencies, together with green currency devaluations effected in the past few months, will boost average EEC farm prices by around 7.2 per cent. over the next year.

The lowest national rise would be in Germany and Denmark (1.7 per cent. each) followed by the Benelux countries (2 per cent.), Ireland (8.6 per cent.), France (9.8 per cent.), the U.K. (10.2 per cent.), and Italy (14.4 per cent.). In Britain this would boost food retail prices by around 2.25p in the pound.

During the five months of negotiation, the Commission has had to relax slightly its tight prices policy on commodities chronically in surplus—beef, sugar, some cereals and possibly milk.

The controversial package of aids for Mediterranean producers appears to be near agreement, Germany and Britain apparently having overcome reservations about the high cost.

They had insisted that the Commission's proposals that the Community supply up to half the funds from major irrigation and modernisation projects in southern Italy and France was too high.

The Commission is planning to propose raising the Community's contribution to projects in the regional development programme from around 30 to 50 per cent.

Output cut 'only hope for zinc'

By Our Commodities Staff

A CUT IN OUTPUT and stocks is the only solution to the crisis afflicting the word zinc industry, Société de Prayon, the Belgian zinc producer, said in its annual report yesterday.

This call was echoed by another Belgian company, Cie Royale Asturienne des Mines, which said balancing demand and production was the only way to end the "anarchic and ruinous" situation in the market.

Prayon said losses in the European industry were no longer supportable. But Asturienne saw some hope of change, noting that contacts had been established between European producers and the Common Market Commission.

Lead prices plummeted on the London Metal Exchange yesterday as traders sold lead and bought zinc.

After trading around £306 a tonne in pre-market dealings, three months lead slumped to around £295 in the first formal trading sessions, and ended the day £8.25 down at £297.5 after a marginal recovery.

Week-end joint goes up again

By Our Commodities Staff

RETAIL prices of most kinds of meat have gone up again this week, the Meat and Livestock Commission reports.

Biggest increases were registered in home-produced lamb and the average price of legs has jumped 3p a pound to £1.16. Loin chops are up by the same amount, to 128p a pound but the same cut of imported New Zealand lamb is a modest 89p.

Most cuts of beef are up 1p a pound. Rump steak is dearest at an average £1.79, although the range of prices runs from £1.56 to £2.02

Only pork prices remain more or less unchanged on last week.

Oven-ready chickens are still relatively cheap at 36p to 44p a pound, according to the Department of Prices, and fish prices are stable.

JAPAN-CHINA FERTILISER

A JAPANESE mission will leave for Peking on May 24 to negotiate fertiliser exports to China for the six months starting in July, the Japan Ammonium Sulphate Industry Association announced

Reuter

U.K. AGRICULTURE

Constant care pays dividends with cereals

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

AT THIS TIME of year I usually look round my crops once or twice a week. About a fortnight ago I was horrified to see that two big fields of winter barley were suddenly turning yellow.

The disease was diagnosed by an expert—employed, of course, by a spray sales organisation—as rhyncosporium. He gave the warning that if the disease were unchecked the crop would be very poor indeed.

So the requisite spray was ordered and my tackle stood by waiting for fine weather over the May Day holiday to apply it.

At the same time another source of opinion, a local pub where some of us meet to discuss the affairs of the industry, produced the view that the yellowing, although having the look of rhyncosporium, was probably due to the leaching out of nitrogen by the heavy rains.

Yet another practical man said he thought that the frosts and cold easterly winds to which the crop was exposed had done the damage.

I could not do much about the frosts but I did order another helping of nitrogen, much against the wishes of my foreman who thought it would make the crop grow too lush and get badly laid. I inclined to the lack of nitrogen theory because similar crops elsewhere on my farm were looking well, but this particular land had been continuously producing barley before I took it on last autumn, while my own had been enjoying some semblance of a rotation with grass breaks and sheep over the years.

In the event we were not able to get the spraying done and the nitrogen on until last Wednesday week and on the Thursday I looked around the farm and found the situation completely altered. There had been two warm days and the whole scene was one of vigorous new growth of a good dark green colour.

The change was far too sudden for it to have been the result of the treatment. So it looks as though I could have wasted the spray and nitrogen.

Obviously, the barley had been suffering from what is loosely called "stress," which in this case had been caused by the cold, wet weather and probably by waterlogged ground.

My experience always has been that all grain crops go through these bad periods of yellowing and other symptoms, but usually get over them when growth really starts.

It is only over the past few years that materials have become available which can effect a cure, as long, of course, as the disease has been correctly diagnosed at the start.

Coinciding with the availability of these chemicals, of which, incidentally, about 800 are already Ministry-approved, has been a marked upswing in the profitability of grain. There is now a wider margin in which to spend in order to get still higher yields.

Grain prices on the Continent are between 25 and 40 per cent. higher than here, and in Germany in particular, the use of chemicals and fertilisers must be higher than anywhere else in the world.

This has brought about a marked change in cereal husbandry. Until a few years ago a wheat crop was planted in the autumn, given one or two doses of nitrogen in the spring and sprayed, if necessary, to kill the weeds. After the end of April there was little the farmer could do but wait and take his crop at harvest.

To-day, techniques devised on the Continent entail almost daily monitoring of the crop from early spring until well into the summer. Work includes the application of different fertilisers, growth regulators, herbicides and fungicides according to a blueprint adapted to the varying needs of the growing crop.

To enable the sprayer to operate, wheel marks are left in the crop to guide the machine each time—tramlining it is called.

These husbandry techniques are being adopted by British farmers whose aim is naturally to increase yields. Some have organised Ten Tonne Clubs. They aim to produce 10 tonnes of wheat a hectare or four tonnes an acre.

The national average to-day is less than two an acre. Such yields have been achieved in a few cases, but at the same time there have been reports that the rigid application of the continental systems has resulted in a net financial loss as compared with more traditional methods, simply because of the increased expenditure on husbandry.

This is no reason for condemning these practices. Those in Germany and Belgium differ materially but both get results, because they suit their particular climate. It is almost certain that the vagaries of the British climate which is very different from that on the Continent will require the adaptation of these techniques.

It is of interest, though, that in spite of the publicity given to European methods, the average wheat yields are about comparable with those attained on well-farmed land in Britain.

But while I am sceptical of some of the more exaggerated claims of improved yields to be harvested by the slavish adoption of these techniques, there is no doubt that there have been some beneficial results.

Over the last two or three weeks I have travelled extensively in the South and Midlands and have been struck by the excellent shape of many of the autumn-sown wheat and winter barley crops. They are well and evenly sown and appear clear of weeds and, since the warmer days, of a better colour.

This means that the basic lesson of these techniques is being accepted. Farmers now realise that growing grain crops should be monitored from seed time onwards in exactly the same way as farmers would care for livestock.

This was never the practice before because the means to do this were not at hand. Now that they are it is up to the farmer to make up his mind as to their value under his particular conditions.

Late selling wipes out coffee gains

BY OUR COMMODITIES STAFF

CONFIRMATION that the Ivory Coast has withdrawn from the coffee market contributed to an early rise on the London futures market yesterday. But the gains were wiped out during the afternoon and by the close July coffee, which had climbed to £1,465 a tonne at one time, was quoted only £2.5 higher on the day at £1,438 a tonne.

Traders said the news from Abidjan came as no surprise. The Ivory Coast has been all but absent from the market for about two weeks having discontinued its normal practice of publishing a basic export price some six weeks ago.

They thought the withdrawal announcement had been prompted by strength of the market on Wednesday because of Brazilian frost fears. These fears, which most dealers thought extremely premature, seem to have subsided.

The absence of Ivory Coast selling of coffee in recent weeks has allowed other African countries, particularly Uganda and Angola, to step up their own selling.

Uganda had previously been withdrawn because of internal transport problems but these appear to have been largely resolved and the coffee has been flowing more freely.

Angola, meanwhile, has benefited from an easing in its external shipment problems which had kept its exports to a minimum.

Angolan coffee has only been available this year on a wide spread of delivery dates. Buyers are still being asked to accept delivery over a fairly long range of dates but because there were more ships available, prospective buyers were confident.

On the London cocoa market, meanwhile, some traders detected signs of a new bear trend as futures values continued their fall. "Bearish" chart indications coupled with reports of large supplies afloat contributed to the fall which took July cocoa to £1,856.5 a tonne, down £15 on the day.

Big rise in rubber use forecast

By Our Commodities Staff

WORLD CONSUMPTION of new rubber will rise almost 7m. tonnes in the next 10 years, according to the International Institute of Synthetic Rubber Producers.

From 12m. tonnes last year, use is expected to climb to 18.8m. tonnes in 1988.

Synthetic rubber, the institute claims, will increase its share of the rubber market—constituting 71.8 per cent. of total consumption compared with 68.2 per cent. last year.

It estimates that the use of rubber in the centrally-planned economies will account for 30 per cent. of the world total consumption by 1988, compared with 28 per cent. now.

Central and South America are expected to raise their share of world consumption from five to eight per cent. North America's share will fall three points to 25 per cent. and Western Europe is expected to use 19 per cent. of the total compared with 22 per cent. last year.

USDA may extend set-aside deadline

WASHINGTON, May 11.

THE U.S. Agriculture Department is expected to grant additional time, beyond May 15, for farmers to sign-up for the acreage set-aside programme.

So far more than 3.5m. acres of land usually planted with grain have been committed to grazing or other crops this season under the set-aside plan.

The overall aim is to reduce the amount of grain overhanging the world market and depressing prices.

In Johannesburg traders say South Africa could export between 3m. an 3.5m. tonnes of maize from now until the end of April, 1979. This is based on the 9.8m. tonnes latest official crop estimate.

Last season South Africa exported 2.9m. tonnes.

And in Moscow, Pravda reports that Soviet farms have sown 44 per cent. of their crops, completing an area of 66.2m. hectares.

The Communist Party newspaper said the total includes 37.9m. hectares of grain and pulses out of a planned area of 90m. hectares.

The report, which singled out several farms and areas for criticism over delays and shortages, made no reference to the unusually cold weather in the European part of the Soviet Union during recent weeks.

In the first week of May—when temperatures in the Western part of the country were well below average—farmers had sown 14.7m. hectares, the paper said.

● Portugal's wheat crop this year should reach nearly 400,000 tonnes, or more than double that of 1977, Dr. Luis Saias, Agriculture Minister, told reporters.

He said Portugal was becoming self-sufficient in beef supplies and imports of frozen beef this year would be limited to about 10,000 tonnes as a strategic reserve. He also reported a significant increase in the production of milk, cheese and other milk dairy products.

Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Barely changed. Forward metal opened at £713 on the pre-market and hardened to £717 owing to speculative buying before turning easier to £710.5 on the morning kerb following the sharp fall in lead coupled with commission house selling. In the afternoon the price rallied to £714, but then eased afresh to close at £712.5 on the late kerb. Turnover 10,550 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	691.2	-4.25	693.5-4.5	-.75
3 months	710-11	-3.75	712.5-3	-.5
Sett'm'nt	692	-4	—	......
Cathodes				
Cash	681.3	-4	684.5-6.5	+.75
3 months	700.5-1	-4	703-5	+.5
Sett'm'nt	683	-3.5	—	......
U.S. Smt.	—	......	64	......

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £714, 13, 12.5, 12, 11, 12, 11.5, 11, 12, 12.5, 12, 11. Cathodes, three months £701. Kerb: Wirebars, three months £711, 10.5, 11. Afternoon: Wirebars, three months £712, 11.5, 12, 12.5, 13, 12.5. Cathodes, three months £704. Kerb: Wirebars, three months £714, 13, 12.5.

LEAD—Weak again following heavy chartist and stop-loss selling which took forward metal down from an initial £306.5 on the pre-market to the day's lowest level of £295 in the morning rings. Thereafter the price tended to recover, reaching £300 in the afternoon before closing at £299.5 on the late kerb. Turnover 7,250 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	290-1	-9.25	287.5-8.5	-10½
3 months	299-300	-8.75	297-8	-8½
Sett'm'nt	291	-9	—	......
U.S. Spot	—	......	31-33	......

Morning: Three months £295, 97, 96, 95, 96.5, 97, 96, 96.5, 97, 98, 99. Kerb: Three months £299, 98, 97, 96, 96.5. Afternoon: Three months £298, 98.5, 99, 98, 97.5. Kerb: Three months £299.5, £300, £299.5.

TIN—Erratic. Forward standard material opened a shade firmer owing to the continued strength of the Penang price, and moved ahead to £6,520 on the pre-market before coming under heavy selling pressure in the rings. This selling took the price down to £6,305 on the morning kerb. In the afternoon some physical demand at the lower levels enabled the price to recover to £6,365 before closing at £6,365 on the late kerb. Turnover 990 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6445-60	-157	6490-510	+15
3 months	6355-65	-128	6400-20	+17.5
Settlem't	6460	-155	—	......
Standard				
Cash	6445-60	-157	6490-510	+15
3 months	6340-5	-150	6380-90	-7.5
Settlem't	6460	-155	—	......
Straits E.	$1715	+16	—	......
New York	—	......	557.5	......

Morning: Standard, cash £6,460, 55, three months £6,360, 70, 80, 70, 50, 45. Kerb: Standard, three months £6,335, 30, 20, 10. Afternoon: Standard, three months £6,350, 40, 50, 60, 65, 60, 70, 75, 80, 78, 80. Kerb: Standard, three months £6,380, 85, 80, 90, 80, 60.

ZINC—Steady despite the weakness of other base-metals and following a good deal of selling of lead and buying of zinc. Forward metal responded to a strong demand which took the price up to £313 on the morning kerb before it eased back to move narrowly for the rest of the day to close at £311.5 on the late kerb. Turnover 2,850 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	303-4	-1	301.5-2.5	-.25
3 months	312-3	-1.25	311-.5	......
S'ment	304	-1	—	......
Prim. West	—	......	29	......

* Cents per pound. † On previous official close. ‡ $M per picul.

Morning: Three months £310, 11, 10, 9, 10.5, 11, 12, 13, 12. Kerb: Three months £311.5, 11, 10.5. Afternoon: Three months £312, 11.5, 10.5, 11.5. Kerb: Three months £311.

EUROPEAN OPTIONS EXCHANGE

Option	Price	July Close	July Vol.	Oct. Close	Oct. Vol.	Jan. Close	Jan. Vol.	Equity close
E. Kodak	$40	12¾	—	13	—	13½	—	$52⅛
E. Kodak	$45	8	—	9⅛	—	9⅞	—	..
E. Kodak	$50	4⅝	—	6¼	10	6¾	—	..
E. Kodak	$60	1	—	2¼	—	3	—	..
GM	$50	13	—	13	—	13¾	—	$62¼
GM	$60	4¼	—	4⅞	9	5½	—	..
GM	$70	⅜	1	⅞	—	1⅛	—	..
IBM	$240	24	—	27	—	29	—	$260¼
IBM	$260	9¼	—	13½	—	16	2	..
IBM	$280	2⅞	—	6⅛	2	8⅝	—	..
Algemene	F330	25	—	26.00	—	27	—	F347.50
Algemene	F340	17	—	18.50	—	22.50	2	..
Algemene	F350	9.10	9	12.00	—	15.50	—	..
Amro	F70	8.50	—	9.00	—	9.00	—	F76.90
Amro	F75	3.50	10	4.50	—	5.00	2	..
Amro	F80	2.30	—	2.80	—	3.00	5	..
Nat Ned	F100	11.50	—	12.50	7	13.00	3	F109.70
Nat Ned	F110	5.00	—	7.00	—	7.50	—	..
Philips	F22.50	3.40	—	3.70	—	3.90	9	F25
Philips	F25.00	1.10	35	1.90	—	2.40	—	..
Philips	F27.50	0.50	—	1.00	—	1.70	17	..
R. D. Shell	F120	8.20	16	8.30	—	8.10	1	F127.80
R. D. Shell	F130	1.60	48	3.10	13	3.90	22	..
R. D. Shell	F140	0.20	60	1.10	—	1.70	—	..
Unilever	F110	5.00	13	4.20	1	5.50	1	F114.00
Unilever	F120	0.50	78	1.70	35	2.20	—	..
Unilever	F130	0.50	—	0.50	—	1.30	1	..
		May		August		November		
BP	700p	—	—	—	—	—	—	854p
BP	750p	—	—	—	—	—	—	..
BP	800p	—	—	—	—	—	—	..
GEC	200p	—	—	—	—	—	—	252p
GEC	225p	—	—	—	—	—	—	..
GEC	250p	—	—	—	—	—	—	..
GEC	275p	—	—	—	—	—	—	..
ICI	300p	—	—	—	—	—	—	354p
ICI	325p	—	—	—	—	—	—	..
ICI	350p	—	—	—	—	—	—	..
ICI	375p	—	—	—	—	—	—	..

SILVER

Silver was fixed 2.0p an ounce higher for spot delivery in the London bullion market yesterday at 280.6p. U.S. cent equivalents of the fixing levels were: spot 512.2c, up 6.1c; three-month 520.0c, up 6.6c; six-month 530.1c, up 7.4c; and 12-month 552.6c, up 8.6c. The metal opened at 279.3-280.2p (508½-510c) and closed at 280½-281½p (510½-512c).

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. close	+ or —
Spot	280.6p	+2.0	280.25p	+0.95
3 months	287.05p	+1.75	287p	+1.05
6 months	295.4p	+2.0	—	......
12 months	313.35p	+2.5	—	......

LME—Turnover 115 (256) lots of 10,000 ounces. Morning: Three months 287, 86.8, 8.9, 87.1, 7.2. Kerbs: Three months 287, 7.1. Afternoon: Three months 287.1, 87, 86.8, 87. Kerbs: Three months 287.1, 7.2, 7.4.

COCOA

After an early rally, the market eased on Commission House liquidation despite light scaledown interest from consumers, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No.6 Cont'ct			
May	1918.0-25.0	-13.0	1960.0-15.0
July	1856.0-57.0	-15.0	1891.0-41.0
Sept.	1803.0-04.0	-11.5	1835.0-1790.0
Dec	1761.0-62.0	-5.5	1770.0-40.0
March	1723.0-24.0	-11.0	1740.0-10.0
May	1698.0-1705.0	-6.0	1710.0-1695.0
July	1674.5-75.0	-7.25	1680.0-65.0

Sales: 4,430 (4,836) lots of 5 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price May 10: 143.10 (145.95). Indicator prices May 11: 15-day average 149.93 (150.34); 22-day average 152.75 (153.45).

COFFEE

London Robustas opened steadier as expected to reflect the limit up situation in its American counterpart, reports Drexel Burnham Lambert. Commission House chart buying and continued short-covering kept prices buoyant right into the mid-afternoon, when dealer selling which had been apparent since mid-morning prevailed to depress levels to finish—£10 to £14.5 up on balance. Dealers said the technically-inspired buying from commission houses had run into hedge selling as physical purchases were sold into the market by the London trade.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1627-1628	-06.0	1663-1626
July	1437-1439	+02.5	1465-1435
September	1345-1346	+03.5	1360-1338
November	1280-1286	+08.0	1295-1280
January	1250-1260	+14.5	1260-1254
March	1215-1220	+07.5	1235-1215
May	1180-1210	-10.0	1210

Sales: 3,082 (3,422) lots of 5 tonnes.

ICO Indicator prices for May 10 (U.S. cents per pound): Colombian Mild Arabicas 192.50 (192.00); unwashed Arabicas 155.00 (same); other mild Arabicas 165.50 (167.33); Robustas 135.00 (same); Daily average 151.75 (151.17).

ARABICAS—Arabicas produced another quiet performance on local trade participation only, reports Drexel Burnham Lambert.

Prices (in order buyer, seller, change, business)—June 162.25-162.75, −0.20, 163.00-162.50; Aug. 169.50-170.25, +0.95, untraded; Oct. 156.00-158.50, +1.80, 159.00; Dec. 142.60-143.50, +0.05, untraded; Feb. 135.00-139.00, +2.00, untraded; April 133.00-137.00, +1.50, untraded; June 130.00-135.00, +0.50, untraded. Sales: 4 (14) lots of 17,250 kilos.

RUBBER

SLIGHTLY EASIER opening on the London physical market. Fair interest throughout the day, closing slightly steadier. Lewis and Peat reported that the Malaysian godown price was 209 (same) cents a kilo (buyer, June).

No.1 R.S.S.	Previous close	Yest'rday's close	Business done
June	52.50-53.00	52.50-52.90	—
July	53.35-53.40	52.90-53.40	53.40-53.35
Jly-Sept	53.85-53.90	53.85-53.95	53.90-53.85
Oct-Dec	54.85-54.90	54.85-55.00	54.95-54.30
Jan-Mr.	56.00-56.05	56.00-56.05	56.00-55.40
Apr-Jne	57.15-57.20	57.10-57.20	57.20-56.40
Jly-Sep.	58.35-58.45	58.25-58.30	58.25
Oct-Dec	59.55-59.75	59.55-59.40	[illegible]
Jan-Mar	60.85-60.90	60.45-60.50	60.85-60.25

Sales: 9 (nil) lots of 5 tonnes, 475 (457) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 52p (same); June 52.25p (52.0); July 52.25p (same).

SOYABEAN MEAL

Despite the strength in Chicago markets London future prices remained depressed following further long liquidation, SNW Commodities reports.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
June	128.70-29.0	+1.15	129.10-28.50
August	129.00-29.5	+0.05	129.80-28.80
October	126.80-26.8	+0.20	126.50-26.00
December	125.50-25.9	+0.50	125.60-22.80
February	124.50-26.0	+1.25	—
April	124.50-27.0	+0.85	—
June	124.50-29.0	+1.25	—

Sales: 124 (172) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £100.00 (£102.00) a tonne cif for May-June shipment. White sugar daily price was fixed at £107.00 (£109.00).

The market opened easier on rumours of a Peruvian tender and, although support was uncovered about £0.60 below overnight levels, sellers predominated and prices eventually settled in a narrow range £1.75 below yesterday's levels. Closing prices were £1.00 above the lows of the day but reports after the close that India would consider bids to-morrow for 100,000 tons for June-Dec. shipment on pricing terms produced an easier tone during the early kerb trading session, C. Czarnikow reports.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug	104.60-04.80	106.25-06.40	105.25-03.60
Oct.	109.25-09.35	109.80-09.10	109.05-07.25
Dec.	112.75-12.85	113.45-13.50	113.50-11.10
March	120.10-20.15	120.70-20.80	120.40-18.75
May	123.15-23.20	123.85-24.00	122.50
Aug.	126.00-26.75	127.00-27.10	126.65-25.75
Oct	128.00-28.75	130.00-30.25	128.65-28.85

Sales: 1,963 (1,854) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £242.40 (same) a tonne for home trade and £160.00 (£162.00) for export.

International Sugar Agreement: Indicator prices, U.S. cents per pound fob and stowed Caribbean port for May 10. Daily 7.49 (7.46); 15-day average 7.48 (7.49).

EEC IMPORT LEVIES for denatured and non-denatured sugar, effective to-day in units of account per 100 kilos (previous in brackets): 26.51 (26.21); raw 22.01 (21.53).

WOOL FUTURES

LONDON—Unchanged to a shade easier, reports Bache Halsey Stuart.

(Pence per kilo)

Australian Greasy Wool	Yesterd'y's Close	+ or —	Business Done
May	225.0-28.0	+0.5	—
July	229.0-31.0	-1.5	232.0-31.0
October	235.0-[illegible]	......	—
December	238.0-39.0	-0.5	—
March	245.0-46.0	......	—
May	245.0-48.0	......	—
July	246.0-48.0	......	—
October	247.0-50.0	......	—

Sales: 2 (nil) lots of 1,500 kilos.

SYDNEY GREASY—Close (in order buyer, seller, business, sales)—Micron Contract: May 338.0, 338.8, 339.0-337.5, 36; July 339.6, 340.0, 340.0-339.0, 19; Oct. 345.0, 345.4, 345.0-344.5, 17; Dec. 349.0, 350.0, 350.0-345.5, 33; March 356.0, 356.4, 356.0-355.0, 70; May 358.8, 359.5, 359.0-355.0, 28; July 362.5, 363.0, 362.5-360.0, 13; Oct. 364.8, 365.0, 365.0-363.0, 17. Total sales: 235.

BRADFORD—Business was slow as prices showed no signs of softening, trade sources said. Concessions could be obtained, but business was on only a hand-to-mouth basis, Reuter reports.

GRAINS

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
May	98.00	-0.80	82.20	+0.10
Sept.	85.15	-0.15	79.60	-0.20
Nov.	87.60	-0.20	82.05	-0.20
Jan.	90.20	-0.10	84.55	-0.25
Mar.	92.65	-0.20	87.00	-0.25

Business done: **Wheat**—May 98.50-98.00, Sept. 85.30-84.80, Nov. 87.60-87.25, Jan. 90.35-89.50, Mar. 92.70-92.50. Sales: 128 lots. **Barley:** May 82.20-81.95, Sept. 79.60-79.30, Nov. 82.10-82.00, Jan. 84.70-84.25, Mar. 87.10-86.90. Sales: 80 lots.

Barley, Sorghum, Oats: unquoted.

HGCA—Ex-farm spot prices. **Feed wheat:** South Lincoln £95.30, Wiltshire £[illegible].60. **Feed barley:** South Lincoln £83.60, Wiltshire £83.80.

The U.K. monetary coefficient for the week from May 15 is expected to be unchanged.

EEC IMPORT LEVIES—Effective to-day in units of account per tonne plus June, July and Aug. premiums, with previous in brackets. **Common wheat**—88.92, 0.66, 0.66, nil (88.92, 0.66, 0.66, nil). **Durum wheat**—130.47, nil, nil, 0.33 (84.18, nil, nil, 0.33); **Rye**—84.18, nil, nil, nil (76.87, nil, nil, nil). **Barley**—76.07, nil, nil, 0.66 (76.87, nil, nil, 0.66); **Oats**—76.52, nil, nil, nil (78.52, nil, nil, nil); **Maize** (other than hybrid for seeding)—71.55, 0.33, 0.33, 1.15 (72.88, 0.49, 0.49, 1.15); **Buckwheat**—nil, nil, nil, nil (nil, nil, nil, nil); **Millet**—80.07, 0.33, 0.33, nil (80.07, nil, nil, nil); **Grain sorghum**—81.72, 0.33, 0.33, nil (81.72, 0.33, 0.33, nil). **For Flour: Wheat or mixed wheat and rye flour**—136.56 (136.56); **Rye flour**—129.92 (129.92).

IMPORTED—**Wheat:** CWRS No. 1, 13½ per cent., May £93.85 Tilbury. U.S. Dark Northern Spring No. 2, 14 per cent., May £85.56, June and July £84.95 transhipment East Coast. U.S. Hard Winter Ordinary, Australian, Argentine, Soviet and EEC grades unquoted.

Maize: U.S./French May £106.50, June £105.75, transhipment East Coast. S. African Yellow May-June £88.60 Glasgow, S. African White June-July £90.25 Glasgow, Kenya Grade 3 unquoted.

MEAT/VEGETABLES

COVENT GARDEN (Prices in sterling per package unless stated)—**Imported Produce:** **Oranges**—Cyprus: Valencia Lates 20 kilos 3.40-3.80, 15 kilos 3.00-3.20; Jaffa: Valencia Lates 3.95-4.40; Egyptian: Valencia Lates 2.30; Texas: 3.20; Moroccan: 2.60-3.20; Californian: 3.80-4.40. **Ortaniques**—Jamaican: 5.50-6.50. **Lemons**—Italian: 100/120s 3.60-3.80; Spania: Small trays 25/56s 1.50-1.60. **Grapefruit**—Cyprus: 15 kilos 2.00-3.00; 20 kilos 3.20-3.90; S. African: 40/48s 3.00-3.50; Jaffa: 20 kilos 3.00-3.90. **Apples**—French: Golden Delicious 20-lb 84s 3.30, jumble pack, per pound 0.12; W. Australian: Granny Smiths 6.70; Tasmanian: Cox's Orange Pippins 7.30-8.60, Golden Delicious 6.50-6.70, Jonathans 7.60-7.80; Italian: Rome Beauty, per pound 0.13, Golden Delicious 0.12; S. African: Dunn's 6.00-6.50, Granny Smiths 6.60-6.80, White Winter Pearmain 6.30-6.60, Starking Delicious 7.60-7.80; Chilean: Granny Smiths 6.60-6.70; New Zealand: Cox's Orange Pippins 163/234 7.00-8.50; Danish: Per pound, Spartans 0.10-0.11. **Pears**—S. African: Cartons, Packham's Triumph 7.70-8.00, Beurre Bosc 6.00; Dutch: Per pound Conference 0.14; Belgian: Conference 0.10-0.13. **Grapes**—S. African: New Cross 6.20, Barlinka 4.30, Golden Hill 6.50; Chilean: 5 kilos, Almeria 6.20, Red Emperor 4.80. **Bananas**—Jamaican: Per pound 0.14-0.15. **Avocados**—Kenya: Fuerte 14/24s 4.00-4.20; S. African: Fuerte 4.00-4.20. **Strawberries**—Californian: 0.90; Italian: 0.30; Spanish: 0.35-0.40. **Onions**—Chilean: Cases 4.20-4.50; Canary: 4.30-4.60. **Capsicums**—Spanish: Per pound 0.26; Canary: 0.28. **Celery**—American: 24s 5.00. **Potatoes**—Canary: 4.30; Egyptian: 3.30-4.40; Cyprus: 4.60; Valencia: 4.30-4.70; Barcelona: Mataros 4.90; Majorca: 5.20-5.30. **Tomatoes**—Canary: 3.00-3.50; Jersey: 4.50; Dutch: 4.50; Guernsey: 4.50-5.20. **Carrots**—Cyprus: 1.00. **Asparagus**—Californian: Per pound 0.90-1.00; Hungarian: Per bundle 0.65-0.67.

English Produce: **Potatoes**—Per 56-lb. Whites/Reds 2.30-2.70. **Lettuce**—Per 12 1.50, Cos 1.40. **Beetroots**—Per 28-lb 1.80. **Turnips**—Per 28-lb 1.00. **Carrots**—Per bag 0.80-1.40. **Parsnips**—Per 28-lb 1.20-1.30. **Onions**—Per 56-lb 3.00-3.50. **Swedes**—Per 28-lb 0.50-0.60. **Rhubarb**—Per pound, outdoor 0.05-0.06. **Cucumbers**—Per tray 12/24s 1.90-2.50. **Mushrooms**—Per pound 0.40-0.50. **Apples**—Per pound Bramley's 0.11-0.17, Laxtons 0.10-0.13. **Pears**—Per pound Conference 0.13-0.15. **Tomatoes**—Per pound English 0.35-0.36. **Greens**—Per crate, Kent 0.60-0.80. **Cauliflowers**—Per 12 Lincoln 1.00-1.20, Kent 1.40-1.80. **Celery**—Per 15/24 4.40-5.00.

MEAT COMMISSION—Average fatstock prices at representative markets on May 11: **GB** Cattle 69.95p per kg.l.w. (+0.38); **U.K.** Sheep 160.7p per kg.est.d.c.w. (+6.0); **GB** Pigs 63.1p per kg.l.w. (−2.1). **England and Wales:** Cattle numbers down 7.1 per cent., average price 69.96p (−0.03); Sheep up 11.6 per cent., average price 163.9p (+7.1); Pigs up 10.3 per cent., average price 63.1p (−2.1). **Scotland:** Cattle numbers up 1.9 per cent., average price 69.92p (+1.23); Sheep up 5.2 per cent., average price 148.7p (+3.4).

SMITHFIELD (pence per pound)—**Beef:** Scottish killed sides 53.0 to 57.0; English hindquarters 68.0 to 72.0, forequarters 36.0 to 40.0.

Veal: English fats 76.0 to 80.0, bobbies 29.0 to 36.0; Scottish bobbies 28.0 to 34.0; Dutch hinds and ends 97.0 to 100.0.

Lamb: English small, new season 68.0 to 78.0, medium new season 66.0 to 76.0. Imported frozen: NZ PL 49.5 to 50.0, PM 45.0 to 49.0.

Hoggets: English 46.0 to 60.0.

Pork: English, under 100 lbs 38.0 to 46.0, 100-120 lbs 38.0 to 45.0, 120-160 lbs 36.0 to 43.0.

*

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.20, Codlings £2.80-£3.20; large Haddock £4.00-£4.60, medium £3.30-£4.30, small £1.50-£2.50; large Plaice £4.30-£4.30, small £1.50-£2.80; best small £3.50-£4.30; skinned Dogfish (large) £5.00, (medium) £3.50; Lemon Soles (large) £7.80, (medium) £6.00; Rockfish £2.30-£2.60; Reds £1.20-£2.10; Saithe £1.60-£2.00

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 110 tonnes, bringing the total for the week so far to 1,455 tonnes, F. W. Tattersalls reports. Firmer prices tended to unsettle buyers so that the offtake was rather narrow. Interest remained centred on S. American and African qualities with Middle Eastern supplies quietly requested.

Bigger earnings from coconut

THE PHILIPPINES earned $250m. from exports of coconut products during the first four months of this year, 11 per cent. more than the $225.4m. registered during the same period in 1977.

The United Coconut Association of the Philippines said today the volume of exports during the period also showed an increase of 13 per cent, from 579,000 tonnes to 654,771 tonnes in copra equivalent.

PRICE CHANGES

Prices per tonne unless otherwise stated.

	May 10 1978	+ or —	Month ago
Metals			
Aluminium	£680	......	£680
Free market (cis)	$985-100	......	$980-95
Copper cash W. Bars	£694	-0.75	£688.5
3 months do. do.	£712.75	-0.5	£705.75
Cash Cathode	£685.5	+0.75	£679
3 months do. do.	£704	+0.5	£694.25
Gold Troy oz.	$175.375	+1.25	$178.125
Lead Cash	£288	-10.25	£309.675
3 months	£297.5	-8.25	£314.75
Nickel	‡		‡
Free Market (cif lb)	$1.95-2.05	......	$1.93-2.03
Platinum troy oz.	£120.50	......	£117.50
Free Market	£122.45	+1.55	£116.55
Quicksilver (76lb.)	$127-32	......	$130-35
Silver troy oz.	280.6p	+2.0	281.3p
3 months	287.05p	+1.75	286.35p
Tin Cash	£6,500	+15.0	£5,845
3 months	£6,385	-7.5	£5,862.5
Wolfram 22.04lb. cif	$136-40	......	$143-46
Zinc cash	£302	-0.25	£294
3 months	£311.25	......	£300.25
Producers	$550-600	......	$550
Oils			
Coconut (Phil)	$605	......	$615
Groundnut	£744	......	£722
Linseed Crude (r)	£360	-3.0	£327
Palm Malayan	$580w	......	$585
Seeds			
Copra Philip	$400y	-10.0	$405
Soyabean (U.S.)	$295.75v	......	$300.5
Grains			
Barley EEC	‡	......	‡
Home Futures	£79.6	-0.2	£79.85
Maize			
Fr nch No. 3 Am	£106.5	......	£106.75
Wheat			
No. 1 Red Spring	£93.85	-0.2	£94.5
No 2 Hard Winter	‡	......	‡
English Milling	£102	......	£97.5
Cocoa Shipment	£1,947	-15.0	£2,120
Future July	£1,856.5	-15.0	£2,010
Coffee Future			
July	£1,468	+2.5	£1,378.5
Cotton 'A' Index	70.85c	-0.2	69.2c
Rubber kilo	52p	......	47.5p
Sugar (Raw)	£100	-2.0	£101
Wooltops 64s kilo	280p	......	274p

* Nominal. ‡ Unquoted. s May-June. t May-Aug. u June. r April-June. w July. y May-July. z June-July. x Per ton.

FINANCIAL TIMES

May 11	May 10	Month ago	Year ago
242.72	243.22	239.11	269.71

(Base: July 1, 1952=100)

REUTER'S

May 11	May 10	Month ago	Year ago
1455.7	1462.7	1438.2	1676.5

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	May 11	May 10	Month ago	Year ago
Spot	357.77	357.28	365.17	416.65
Futures	348.42	347.14	353.56	398.33

(Average 1924-25-26=100)

MOODY'S

Moody's	May 11	May 10	Month ago	Year ago
Sple Commty	908.6	910.8	899.9	937.5

(December 31, 1931=100)

JUTE

DUNDEE JUTE—Quiet. Prices c and f U.K. for May/June shipment: BWC £290, BWD £282, Tossa BTB £342, BTC £292, BTD £284. Calcutta goods quiet. Quotations c and f U.K. for May shipment, 10-ounce 40-inch £9.97, 7½-ounce £7.80 per 100 yards. June £9.97 and £7.77, July £9.95 and £7.74. "B" twills £27.06, £27.19 and £27.35 for the respective shipment period. Yarn and cloth prices firm.

U.S. Markets

NEW YORK, May 11.

Cocoa—May 143.70 (146.25), July 140.60 (142.50), Sept. 137.10, Dec. 132.15, March 129.15, May 126.65, July 124.40. Sales: 740 lots.

Coffee—"C" Contract: May 173.25 (177.00), July 155.50-159.50 (157.59), Sept. 143.75, Dec. 130.50, March 120.00-122.00, May 117.00-119.00, July 113.00-116.00, Sept. 111.00-115.00. Sales: 1,090.

Copper—May 56.20 (55.60), June 56.50 (55.90), July 59.10, Sept. 60.20, Dec. 61.70, Jan. 62.20, March 63.20, May 64.20, July 65.20, Sept. 66.20, Dec. 67.70, Jan. 68.20, March 69.20. Sales: 2,100 lots.

Cotton—No. 2: July 60.45-60.50 (59.67), Oct. 62.40 (61.53), Dec. 63.60-63.70, March 64.50, May 65.24-65.26, July 65.75-66.10, Oct. 65.00-65.60. Sales: 525,000 bales.

***Gold**—May 173.90 (174.40), June 174.40 (174.90), July 175.50, Aug. 176.60, Oct. 178.90, Dec. 181.20, Feb. 183.70, April 186.20, June 188.80, Aug. 191.40, Oct. 194.10, Dec. 196.90, Feb. 199.70. Sales: 6,900 lots.

†Lard—New York prime steam 23.00 traded (23.50). Chicago loose not available (22.00).

†Maize—May 257½-258 (253½), July 254-254½ (251), Sept. 253½-253¾, Dec. 255-254½, March 261¾, May 264½.

§Platinum—July 219.70-221.00 (219.80), Oct. 221.50-222.50 (221.60), Jan. 224.10, April 226.70-226.90, July 229.10-229.30, Oct. 231.80-233.00, Jan. 234.30-236.00. Sales: 1,357 lots.

¶Silver—May 503.20 (506.80), June 504.50 (505.30), July 508.00, Sept. 515.00, Dec. 526.20, Jan. 530.20, March 538.30, May 546.40, July 554.60, Sept. 563.30, Dec. 576.20, Jan. 580.60, March 589.70. Sales: 9,000 lots. Handy and Harman spot bullion: 508.70 (506.00).

Soyabeans—May 726-725 (719), July 710-707 (708), Aug. 680-688, Sept. 630, Nov. 620-619, Jan. 623, March 632½-632, May 635-636.

||Soyabean Meal—May 177.50 (177.10), July 179.30-179.00 (178.70), Aug. 178.20-178.00, Sept. 173.50-172.50, Oct. 167.70-167.50, Dec. 165.00-165.80, Jan. 166.50, March 170.00-169.00, May 169.00-170.00.

Soyabean Oil—May 27.95-28.05 (27.63), July 27.05-27.00 (26.75), Aug. 26.00-25.95, Sept. 25.00-24.90, Oct. 24.00-24.05, Dec. 23.30-23.25, Jan. 22.90, March 22.80, May 22.40-22.50.

Sugar: No. 11: July 7.35-7.36 (7.40-7.42), Sept. 7.65 (7.68-7.70), Oct. 7.76-7.77, Jan. 8.40-8.41, March 8.61-8.63, May 8.77-8.79, July 8.96-8.98, Sept. 9.13-9.15, Oct. 9.20-9.25. Sales: 4,950.

Tin—535.00-570.00 asked (same).

****Wheat**—May 307½ (303½), July 308 (303½), Sept. 310½-311, Dec. 316½-316¼, March 318½-319, May 317½.

WINNIPEG, May 11. **††Rye**—May 105.00 (104.40), July 104.70 asked (103.90), Oct. 104.70 asked, Nov. 102.50 bid, Dec. 103.20 nom.

††Oats—May 86.90 (87.00), July 81.00 (81.10 asked), Oct. 79.60 bid, Dec. 76.50 bid, March 76.00.

‡‡Barley—80.50 bid (80.60), July 80.10 (80.00), Oct. 79.60 bid, Dec. 79.30 bid, March 79.10 nom.

§§Flaxseed—May 264.00 bid (256.00 bid), July 267.50 bid (260.50 asked), Oct. 270.00 bid, Nov. 265.50 bid, Dec. 268.50 bid.

¶¶Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 160.68 (160.22).

All cents per pound ex-warehouse unless otherwise stated. *$s per troy ounces—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 oz. units of 99.9 per cent. purity delivered NY. ¶ Cents per troy ounce ex-warehouse. || New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ SC per tonne.

Rubber exports higher

SINGAPORE, May 11.

EXPORTS OF sheet and crepe rubber from Singapore and Peninsular Malaysia rose to 168,137 tonnes in December from 138,154 tonnes in November and 154,229 tonnes in December, 1976, Statistics Department figures show.

Reuter

STOCK EXCHANGE REPORT

Interest rate fears and trade figure worries recede

Leading equities extend rally but Gilts marked down late

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
May 2	May 11	May 12	May 23
May 15	May 25	May 26	Jun. 7
May 30	Jun. 8	Jun. 9	Jun. 20

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Receding concern about current interest rate levels together with hopes that the April trade figures, due next Monday, might be better than some recent pessimistic market estimates guided buyers to the equity leaders yesterday. Institutional sources were inquiring for lines of quality shares, but little stock was available, while new-time demand arose for many secondary and situation issues. British Funds, however, were restrained by Minimum Lending Rate uncertainties and, later by upward revision in the money stock.

The Government's second Finance Bill defeat failed to dampen spirits and first-line equities, as measured by the FT Industrial Ordinary share index, regained 4.9 more to 479.9, thus nearly recouping over the past two days most of Tuesday's loss of 9 points.

Of the many individual features, the Plantation sector thrived on interest generated by the latest Harrisons and Crosfield merger proposal; yesterday's terms of the Jokai/Longbourne envisaged deal came too late to encourage further business. Meanwhile, Dawson International attracted attention on revived talk that a bid from Coats Patons could be pending.

Illustrating the general thinness of the market, business volume was the lowest so far this week with official markings totalling 5,061 compared with 5,435 on Wednesday and 5,180 on Thursday of last week. Rises resumed their supremacy, by 11-to-4 over falls in FT-quoted industrials.

Funds uncertain late

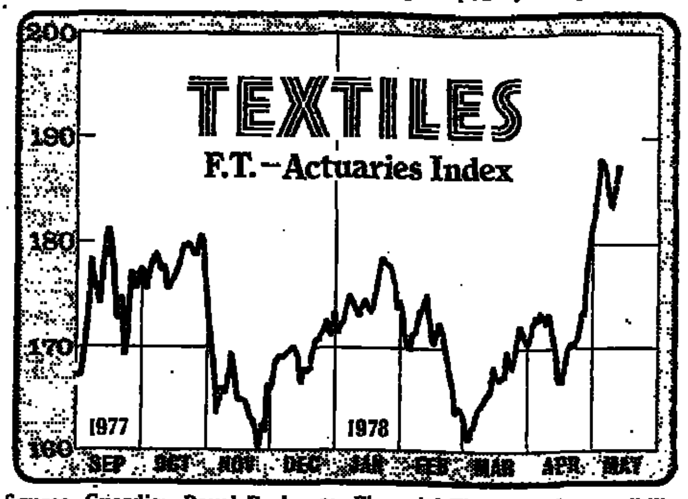
The absence of any indication about MLR caused a few apprehensions in British Funds. Vague rumours concerning clearing bank special deposits likewise failed to make an impression on market sentiment and, in the smallest trade for some considerable time, the longer maturities held at overnight list levels, while the shorts often eased a shade. The Bank of England's announcement that the growth in money supply was more than originally stated aroused late uncertainty, however, and after the official close of business dealers protectively lowered quotations. This was usually by ⅛ for the high-coupon longer issues and ⅛ for the shorts. Corporations were mixed, although small falls were in the majority, ahead of to-day's Tyne and Wear 12 per cent. 1986 debut: 78 per cent. of the £10m. issue was left with the underwriters.

Traded Options were quieter yesterday and the business was much more evenly spread than of late. The number of deals transacted was 405, the lowest since April 28. Cons. Gold attracted 79 trades, but the heaviest dealt-in position was Courtaulds July 130 in which 30 contracts were done.

Selling by arbitragers in the absence of demand made for dull conditions in the investment currency market and the premium fell to 108 per cent. before ending 1½ lower on the day at 109 per cent. The conversion factor was 0.6822 (0.6817).

Press predictions that the major clearing Banks may introduce increased transmission charges as early as July following last month's report by the Price Commission helped the big four make useful progress. Barclays and Lloyds improved 8 to 330p and 378p respectively, while Natwest added 6 at 288p and Lloyds 5 to 290p. Hire Purchases were featured by a rise of 3 to 94p, after 95p, in Lloyds and Scottish following the sharply higher first-half earnings. Provident Financial gained 6 to 102p in sympathy and UDT added a further 3 at 40p. Guinness Peat, 10 higher at 235p, were favoured among Merchant Banks and Hambros were notable with an improvement of 5 to 188p.

Insurances closed firmer for choice after a reasonable trade. Sun Alliance touched 540p before closing 10 higher at 538p, while Royal at 375p retrieved 5 of the previous day's fall of 6 following comment on the first-quarter figures. Guardian Royal Exchange added 6 to 234p after publication of the annual report and accounts. Among Life issues, Britannic revived with a rise of 8 to 170p.



In featureless trading the trend in Buildings was to higher levels. Of Contracting and Construction issues, Taylor Woodrow, 390p, and Tilbury Contracting, 270p, firmed 8 and 4 respectively. J.B. Holdings rose 4 to 66½p in response to higher profits and the proposed 100 per cent. scrip issue, but FPA Construction continued to reflect disappointment with the sharply lower profits and eased a penny more to 13p. Elsewhere, A. P. Cement improved 5 to 257p in late dealings. Selective buying in a thin market saw Breedon and Cloud Hill Lime firm 6½ to 86½p and renewed interest took Johnson-Richards Tiles 5 higher to 134p following the issue of the formal offer document from Hepworth Ceramic. P. C. Henderson

In a relatively steady business, small buying took leading Chemicals higher. ICI, which reports first-quarter figures on May 25, closed 6 up at 345p, while Fisons hardened 3 to 360p. Albright and Wilson, 124p and Brent, 232p, put on 3 and 4 respectively.

Burton please

Reflecting the sharper than expected profit recovery Burton issues bounded forward in Stores, the Ordinary closing 13 to the good at 136p and A 8 up at 124p. Elsewhere, firm conditions prevailed with Mothercare, up 4 at 168p and British Home 3 dearer at 191p. Fresh speculative support lifted Moss Bros. 5 further to 107p, while demand in thin markets prompted gains of 8 in Allied Retailers, 239p, and Lee Cooper, 144p. Jewellery concern Ratners revived with a rise of 4 at 71p and Vernon Fashion, a firm market of late following excellent results, added 3 more at 123p.

Newman Industries featured late in the Electrical sector, rising 6 to 86p in response to the sharp increase in the annual profits. Elsewhere, Cableform improved 3 to 68p helped by a report in the Financial Times on the possibility of considerable further Government support for development of battery-operated vehicles. Among Electronic issues, Farnell found support at 267p, up 7, while Racal edged up 2 more to 240p, but Electrocomponents were on offer and gave up 7 to 385p.

Hawker Siddeley were again favoured and put on 6 more to 218p, while other Engineering leaders to make a little progress included GKN, up 4 at 278p, and John Brown, 2 to the good at 232p. Elsewhere, Matthew Hall responded to the good annual results with a rise of 6 to 217p, while favourable trading statements also prompted firmness in Averys, up 5 more at 157p, C. and W. Walker, 4 better at 128p, and Turriff, 3 to the good at 72p.

Rowntree Mackintosh were quoted ex rights at 397p, up 10; a lively business developed in the new shares which opened at 41½p premium and pushed ahead to 51p premium before settling at 47½p premium. Elsewhere in the Food sector, interest was shown in Alpine Soft Drinks, up 4 at 122p, and Fitch Lovell, 3 firmer at 64p. Rises of 3 were also marked against Sainsbury, 188p, and Morgan Edwards, 43p. Hotels and Caterers were noteworthy for a sharp jump of 60 to 500p in Scott's Restaurant

Apart from Scottish and Universal Investments, which fell 6 to 114p on nervousness ahead of to-day's expected decision on whether Lonrho's contested bid will be referred to the Monopolies Commission, miscellaneous Industrial leaders closed firmly, but below the best. Beecham ended 8 up at 657p, after 660p, while Glaxo put on 10 to 570p, after 572p. Pilkington rose 7 to 482p, Unilever 6 to 520p while Reed International picked up 3 at 116p, Press comment on the forthcoming results, due next Tuesday, helped Trafalgar House Investments put on 4 to 133p. Elsewhere, Holt Lloyd International added 5 to 145p, after 148p, in response to the higher profits, and J. F. Nash Securities improved 5 more to 105p on further consideration of the sale to Black and Edgington of its Galley Caravan Group subsidiary for £2.65m. Increased interim earnings left Caplan Profile up 5 at 93p, while rises of 13 and 14 respectively were recorded in De La Rue, 310p, and Amalgamated Metal, 312p. Gieves lost 6 to 97p on consideration of the disappointing second-half performance, while Wood Hall Trust fell 4 to 86p in reaction to lower first-half profits.

Motors staged a modest revival. Lucas were noteworthy for a gain of 6 at 306p, while Dowty edged up 3 to 192p. Tate of Leeds, however, gave up 3 to 58p on a recent sell recommendation.

A resurgence of North Sea oil enthusiasm led Thomson to gain of 9 at 269p, after 270p. feature Newspapers with a fresh Elsewhere, Ogilvy and Mather added 1¼ points to £41¾. A dull market towards the end of last month on the Inland Revenue's proposal to bring criminal proceedings against the company, Collett Dickenson Pearce picked up 3 to 53p.

Property shares encountered good demand that continued into late dealings. Leading issues attracted new-time buying in which English Property firmed 3 to 36¾p; the 6¾ per cent. convertible rose 7 points to £79. Land Securities and Great Portland estates hardened 4 apiece to apiece to 206p and 280p respectively, while MEPC put on 1 to 118p. Bernard Sunley were in demand and rose 5 to 192p, but, after touching 560p, Hemmerson A closed only 3 better on balance at 553p. Haslemere, 228p, and Property Security Investment, 135p, both closed 3 to the good, but Warner Estates were unmoved at 121p on the improved interim profits.

Oils passed a firm but quiet session in which British Petroleum improved 12 to 856p on Wall Street influences. Shell ended Burmah firmed a penny to 59p Burmah firmed a penny to 59p, after 60p, on the chairman's cautious optimism in the full report. Elsewhere, Ultramar, 272p, and Oil Exploration, 220p, both advanced 4 and Ranger Oil rallied 1 5/16 points to £24⅝ after recent weakness following the dry

Financial Trusts provided some firm features. London and European rose 5 to 23p following the return to profitability and the resumption of dividends, while Akroyd and Smithers, at 220p, retrieved 5 of the previous day's fall of 15 which followed comment on the first-half results. London Merchant Securities did well at 94p, also up 5, while Brycourt Investments were favoured and put on 6 to 74p.

Shippings were again highlighted by Furness Withy which gained 5 more to 273p on persistent bid hopes; the preliminary results are due next Tuesday.

Speculative demand accompanied by revived talk of a bid from Coats Patons left Dawson International 7 higher at 121p, after 124p, and the "A", 8 to the good at 120p, after 123p.

Comment on the agreed merger between Harrisons Malaysian Estates and Harrisons and Crosfield helped the former to improve 6 more to 103p, after 104p, and the latter to recover 18 to 500p. This development sparked off a considerable amount of speculative activity in other Plantations. Castlefield, 287, and London Sumatra, 150p, in each of which H. and C. has a trade investment of 19 per cent., jumped 27 and 10 respectively. Guthrie closed with an improvement of 15 at 282p; the latter's results were published on June 9 last year. Companies in the private M. P. Evans Group were favoured with Jitra, 61p, and Singapore Para, 64p, both closing 4 higher, while Rembia added 3 at 31p as did Beradin, to 55p.

Golds gain ground

A further $1.25 rise in the bullion price to $175.375 per ounce saw South African Gold shares make headway for the fourth successive trading day with the Gold Mines index another 1.6 firmer at 150.0—its highest level for nearly a month.

Trading in Golds, however, remained at a low level. There were one or two features in heavyweights with Hartebeest in demand and finally a half-point better at £11¼ and Randfontein a further ¼ firmer at £33¾. But gains were generally limited to ¼.

Medium-priced issues attracted a fair demand with Libanon particularly wanted at 478p, a rise of 26, and Harmony 11 up at 314p.

Among South African Financials "Amgold" and Gold Fields of South Africa were a half-point and ¼ higher at £16⅝ and £12⅝ respectively following persistent Cape interest. De Beers held steady at 350p but Anglo American Corporation dipped 4 to 294p. Transvaal Consolidated Land remained unaltered at a 1978 high of £13⅞ despite the higher half-year profits and increased interim dividend.

London-registered Financials responded to the firmness of the U.K. equity market. Rio Tinto-Zinc hardened 3 to 208p, while Charter Consolidated and Gold Fields were both around a penny better at 131p and 171p respectively.

Platinums continued to attract Cape buying which was followed by London interest. Rustenburg put on a penny more to 84p while Lydenburg closed 2 up at 64p. Coppers, however, were dull with Messina 3 off at 80p.

A marginally easier investment currency premium offset the slightly firmer tendency in overnight Sydney and Melbourne markets and Australians lacked an overall trend.

However, the more speculative stocks continued to move ahead. Paringa Mining and Exploration rose 1½ more to a 1978 high of 19½p, while Newmetal gained ½ more to a 1978 high of 4½p.

Tins were mixed despite the further rise in the Penang tin price. Killinghall rose 10 to a high of 470p and Supreme Corporation 2 to a 1978 high of 73p, both reflecting eastern advices, but Geevor dropped 5 to 140p.

FOOD PRICE MOVEMENTS

	May 11 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,090	1,090	1,060
British A.1 per ton	1,065	1,065	1,035
Irish Special per ton	‡	1,065	1,035
Ulster A.1 per ton¶	1,065	1,065	1,035
BUTTER			
NZ per 20 lbs	‡	11.41/11.52	11.41/11.52
English per cwt†	‡	67.37	67.38
Danish salted per cwt†	‡	70.15/72.42	70.15/72.42
CHEESE¶			
NZ per tonne	‡	1,161.5	1,161.50
English cheddar trade per tonne	‡	—	1,202.10
EGGS*			
Home produce:			
Size 4	3.10/3.60	—	3.30/3.80
Size 2	4.10/4.80	—	4.10/4.60
	May 11 p	Week ago p	Month ago p
BEEF			
Scottish killed sides ex-KKCF	53.0/57.0	53.0/56.0	53.0/56.5
Eire forequarters	—	—	37.0/40.0
LAMB			
English	66.0/76.0	68.0/76.0	—
NZ PLs-PMs	48.0/50.0	47.5/49.5	44.0/46.5
MUTTON—English ewes	—	—	—
PORK (all weights)	36.0/46.0	36.0/45.0	35.0/43.5
POULTRY—Broiler chickens	35.0/37.0	34.5/36.0	33.0/35.0

* London Egg Exchange price per 120 eggs. † Delivered. ¶ For delivery May 13-20. ‡ Unavailable.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	3	19	53
Corpns. Dom. and Foreign Bonds	17	12	36
Industrials	479	166	911
Financial and Prop.	208	31	289
Oils	13	6	15
Plantation	16	2	15
Mines	55	27	40
Recent Issues	9	3	12
Totals	783	266	1,371

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Apr. 25	May 9	July 20	Aug. 1
May 10	May 22	Aug. 3	Aug. 15
May 23	Jun. 6	Aug. 17	Aug. 30

For rate indications see end of Share Information Service

Call options were arranged in Akroyd and Smithers, Ultramar, English Property, Burmah Oil, EMI, Fitch Lovell, Mothercare, J. Bibby, Barker and Dobson, Dowty, Hampton Areas, F. H. Tomkins, Status Discount, Epicure, British Land, Duple, French Kier, Hammerson 'A', UDT, P. and O. Deferred, Oil Exploration and Associated Fisheries. Puts were transacted in Muar River, Shell and British Land, while double options were dealt in Burmah Oil, English Property, Fitch Lovell, Barker and Dobson and Reed International.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	122	4	131	4	148	—	850p
BP	800	72	2	91	2	111	5	..
BP	850	40	3	61	—	85	5	..
Com. Union	140	20½	—	26	—	27½	—	156p
Com. Union	160	8½	19	13½	1	17	—	..
Cons. Gold	160	20	5	28	—	32	23	172p
Cons. Gold	180	9½	20	17	5	21	26	..
Courtaulds	100	25½	—	25½	—	26½	—	124p
Courtaulds	110	15½	10	18	—	20	2	..
Courtaulds	120	9	—	13	—	14½	—	..
Courtaulds	130	6	50	8½	5	10½	2	..
GEC	220	38½	—	45	2	50½	—	252p
GEC	240	23½	—	31	—	37½	—	..
GEC	260	12	17	20½	—	28	—	..
Grand Met.	100	18	13	23½	—	25½	—	114p
Grand Met.	110	11½	20	17	7	19	4	..
Grand Met.	120	7	15	10¼	6	14½	—	..
ICI	330	36	—	41	18	46	13	353p
ICI	360	17½	17	25	6	31	—	..
Land Secs.	180	30	9	33	—	36	2	205p
Land Secs.	200	15	9	19½	12	24	—	..
Land Secs.	220	6	4	11½	5	15½	—	..
Marks & Sp.	140	10½	4	16½	2	19	—	145p
Marks & Sp.	160	4½	4	7½	5	10½	6	..
Shell	500	95	—	106	—	108	1	575p
Shell	550	51	1	65	—	72	—	..
Shell	600	22	10	33	—	44	—	..
Totals			236		80		89	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
105	F.P.	26/4	145	118	Saga Holidays	136	.....	6.76	2.2	7.6	9.2

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
¶¶	F.P.	—	98p	91p	Amal. Inds. 10.6% 2nd. Prf.	96p	.....
100	F.P.	—	99¾	99¾	Amer. Express Int. Fin. Variable 82	99¾	.....
100p	F.P.	20/6	110p	109p	Armitage (G.) 10½% 2nd Cum. Prf.	110p	.....
100p	F.P.	—	105p	100p	Brittains 9% Conv. Cum. Red. 2nd Pref.	105p	+2
**	M.S.	—	27½	27	Ginlek Malay. 10% 1st. Mort. '95	27	...
£99	£10	25/8	9¼	8¼	Greenwich (Lon. Boro. of) 11½% Red. 1986	8⅞	−⅛
..	F.P.	28/4	104p	101p	Jenks & Cattell 10% Cum. Prf.	101p	.....
—	F.P.	9/6	105p	103½	Menzies (J.) 9% Cum. Pref.	103½p	.. ..
—	F.P.	28/7	102¼	102	Mid-Sussex Water 7% Red. Prf. 1983	102	.....
100p	—	23/6	100p	98½p	Pittard 9¼% Cum. Prf.	98½p	−1½
**	F.P.	9.5	100	97	Talbex 11¼ Cnv. Uns. Ln. '79-83	97	−1
£100	Nil	—	1pm	¾pm	Tebbit 15% Cnv. Uns. Ln. 1983	¾pm	+¼
£98	F.P.	8/6	98½	97	York Water 11% Deb. 1986	97½	.....

"RIGHTS" OFFERS

Issue Price p:	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ⊕	1978 High	1978 Low	Stock	Closing Price p:	+ or −
56	Nil	23/6	23/6	17pm	12pm	Brown Boveri Kent	17pm	+1
60	F.P.	5/5	31/5	130	112	Bullough	130	+1
$c24	Nil	—	—	38pm	33pm	Canadian Imperial Bnk	38pm	+4
160cts	Nil	—	—	2pm	Nil	Deelkraal Gold Mining	Nil	.....
72	Nil	—	—	39pm	36pm	Horizon Midlands	38pm	+2
105	F.P.	5/5	19/6	144	122	London & Manchester Assurance	144	+4
345	Nil	—	—	51pm	41½pm	Rowntree Mackintosh	47½pm	....
50	Nil	15/5	9/6	25pm	22pm	[illegible]	22pm	+1½
152	Nil	16/5	13/6	28pm	11pm	Turner & Newall	25pm	+2

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. a Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. r Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of Ordinary shares as a "rights." ** Rights by way of capitalisation. †† Minimum tender price. ¶¶ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ||| Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FINANCIAL TIMES STOCK INDICES

—	May 11	May 10	May 9	May 8	May 5	May 4	A year ago
Government Secs	70.97	71.01	71.12	71.43	71.73	71.40	70.31
Fixed Interest	72.23	72.17	72.30	72.63	72.34	73.05	69.8
Industrial Ordinary	479.9	475.0	471.1	480.1	481.5	474.6	470.6
Gold Mines	150.0	148.4	144.1	143.1	141.9	143.9	114.7
Ord. Div. Yield	5.58	5.64	5.68	5.58	5.56	5.66	4.89
Earnings Yld%(full)(*)	16.92	17.11	17.23	16.94	16.93	17.06	18.05
P/E Ratio (net)(*)	7.91	7.82	7.77	7.90	7.90	7.84	9.79
Dealings marked	5,061	5,435	6,010	5,412	5,741	5,180	7,884
Equity turnover £m	—	72.42	71.15	74.12	98.60	94.20	115.80
Equity bargains total	—	15,065	15,767	17,461	17,444	17,080	23,149

10 a.m. 479.3. 11 a.m. 480.4. Noon 480.6. 1 p.m. 480.6. 2 p.m. 480.6. 3 p.m. 480.3.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. Nil=7.76.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	70.97 (11/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	72.17 (10/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (4/3)	130.3 (6/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	May 11	May 10
—Daily		
Gilt-Edged	132.6	169.7
Industries	186.0	197.4
Speculative	38.7	32.6
Totals	115.8	123.7
5-day Average		
Gilt-Edged	152.2	158.0
Industrials	204.6	205.3
Speculative	35.0	32.4
Totals	125.9	126.5

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (138)

LOANS (1)
AMERICANS (3)
CANADIANS (4)
BANKS (4)
BEERS (2)
BUILDINGS (8)
CHEMICALS (1)
DRAPERY & STORES (10)
ELECTRICALS (3)
ENGINEERING (21)
FOODS (2)
HOTELS (2)
INDUSTRIALS (28)
INSURANCE (4)
MOTORS (6)
NEWSPAPERS (2)
PAPER & PRINTING (3)
SHOES (1)
SOUTH AFRICANS (1)
TEXTILES (5)
TOBACCOS (2)
TRUSTS (5)
OILS (1)
OVERSEAS TRADERS (4)
RUBBERS (6)
TEAS (2)
MINES (7)

NEW LOWS (19)

BRITISH FUNDS (11)
Treas. 10½pc 1979 — Exchea. 12½pc 1985
Excheq. 13pc 1980 — Treas. 8¼pc 1982
Treas. 11½pc 1981 — Excheq. 9¼pc 1982
Excheq. 8¼pc 1981 — Excheq. 8¼pc 1983
Excheq. 9¾pc 1981 — Excheq. 3pc 1983
Excheq. 3pc 1981

CORPORATION LOANS (5)
G.L.C. 12½pc 1982 — L.C.C. 5½pc '85-87
Glasgow 9¼pc '80-82 — Middx. 5½pc 1980
L.C.C. 5½pc '77-81

BUILDINGS (1)
Benlox

SHIPPING (1)
Lyle Shipping

TRUSTS (1)
Throgmorton Growth

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	10	856	+12	864	720
ICI	£1	10	354	+ 6	365	328
BAT Inds.	25p	9	342	+ 5	342	267
Commercial Union	25p	9	156	+ 3	159	138
Harrisons Malay Estates	10p	9	103	+ 6	104	65
Shell Transport	25p	9	576	+ 2	586	484
Turner & Newall "New"	nil/pd.	9	25pm	+ 2	28pm	11pm
Nash (J. F.)	25p	8	105	+ 5	105	62
Rowntree Mackintosh "New"	nil/pd.	8	47½pm	—	51pm	41½pm
Scot. & Univ. Invs.	25p	8	114	− 6	123	83
Barclays Bank	£1	7	330	+ 8	338	298
Beecham	25p	7	657	+ 8	678	583
Burmah Oil	£1	7	59	+ 1	59	42
Reed Intl.	£1	7	116	+ 3	143	102
Royal Insurance	25p	7	375	+ 5	425	346

F T—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thur., May 11, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) (Corp. Tax 52%)	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Wed. May 10 Index No.	Tues. May 9 Index No.	Mon. May 8 Index No.	Fri. May 5 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	212.42	+1.0	17.54	5.61	7.92	210.40	210.23	212.35	212.27	[illegible]
2	Building Materials (27)	192.13	+1.2	17.79	5.66	8.06	189.89	190.39	191.91	190.46	[illegible]
3	Contracting, Construction (26)	347.12	+1.1	19.04	3.88	7.60	343.26	345.47	346.45	341.44	[illegible]
4	Electricals (15)	439.12	+0.5	15.57	4.04	9.10	436.94	437.02	440.11	444.06	[illegible]
5	Engineering Contractors (14)	313.68	+0.8	18.06	6.48	7.23	311.15	308.17	310.95	310.37	[illegible]
6	Mechanical Engineering (71)	169.93	+1.1	18.94	6.15	7.19	168.01	166.90	169.33	169.86	[illegible]
8	Metals and Metal Forming (17)	169.68	+1.1	16.61	8.26	8.10	167.82	168.35	170.90	170.17	[illegible]
	CONSUMER GOODS										
11	(DURABLE) (53)	197.29	+0.8	17.14	4.81	8.35	195.73	195.44	197.83	197.11	[illegible]
12	Lt. Electronics, Radio TV (15)	233.24	+0.4	15.07	3.68	9.54	232.37	232.18	234.99	233.51	[illegible]
13	Household Goods (12)	174.09	+1.2	16.53	6.48	8.31	171.94	171.48	173.38	173.45	[illegible]
14	Motors and Distributors (25)	124.56	+1.3	20.41	6.15	7.04	122.91	122.65	124.19	124.12	[illegible]
	CONSUMER GOODS										
21	(NON-DURABLE) (176)	205.58	+0.8	15.67	5.68	8.67	203.86	203.04	206.57	206.79	[illegible]
22	Breweries (14)	239.62	+0.3	13.63	5.55	11.12	238.86	237.89	241.57	240.23	[illegible]
23	Wines and Spirits (6)	261.00	−0.6	15.50	5.52	9.79	262.67	256.26	264.00	265.10	[illegible]
24	Entertainment, Catering (17)	261.43	+0.4	13.49	6.53	10.73	260.28	257.74	261.39	260.55	[illegible]
25	Food Manufacturing (22)	194.40	+0.9	20.05	5.68	6.60	192.58	192.20	196.08	195.99	[illegible]
26	Food Retailing (16)	197.80	+1.2	14.34	4.73	9.61	195.40	195.98	199.38	200.97	[illegible]
32	Newspapers, Publishing (13)	385.67	+2.3	10.49	3.22	13.77	377.11	376.70	385.04	377.55	[illegible]
33	Packaging and Paper (15)	132.33	+0.7	19.72	8.97	7.18	131.42	132.28	133.01	134.31	[illegible]
34	Stores (39)	185.73	+0.6	11.14	4.34	13.18	184.57	183.89	187.69	188.86	[illegible]
35	Textiles (25)	187.67	+1.4	20.18	7.11	6.04	185.01	183.20	187.08	188.14	[illegible]
36	Tobaccos (3)	258.70	+1.7	21.37	7.24	5.56	254.26	254.26	256.30	254.91	[illegible]
37	Toys and Games (6)	104.34	+1.0	20.28	5.84	6.45	103.27	101.77	101.07	102.15	[illegible]
41	OTHER GROUPS (97)	193.17	+1.4	16.51	5.86	7.99	190.56	190.05	193.27	193.73	[illegible]
42	Chemicals (19)	262.07	+1.5	19.22	6.61	7.11	258.16	256.28	262.12	264.44	[illegible]
43	Pharmaceutical Products (7)	258.01	+1.2	11.21	3.95	11.16	254.87	253.95	257.84	258.58	[illegible]
44	Office Equipment (6)	131.49	+1.0	18.55	4.91	6.38	130.18	131.31	133.38	131.81	[illegible]
45	Shipping (10)	441.49	+1.2	17.97	7.11	6.85	436.45	434.21	439.34	441.34	[illegible]
46	Miscellaneous (55)	204.72	+1.4	16.43	6.28	8.25	201.82	202.01	204.70	204.23	[illegible]
49	INDUSTRIAL GROUP (495)	210.48	+1.0	16.43	5.65	8.29	208.40	207.83	210.99	211.13	[illegible]
51	Oils (5)	497.05	+0.9	14.85	3.98	7.30	492.64	492.62	497.83	486.83	[illegible]
59	500 SHARE INDEX	234.18	+1.0	16.19	5.39	8.12	231.90	231.37	234.71	234.05	[illegible]
61	FINANCIAL GROUP (100)	168.43	+1.7	—	5.49	—	165.69	165.85	169.74	168.81	[illegible]
62	Banks (6)	199.50	+2.0	23.72	5.40	6.38	195.54	194.61	201.59	200.34	[illegible]
63	Discount Houses (10)	201.09	+0.7	—	8.35	—	199.75	202.21	202.36	198.97	[illegible]
64	Hire Purchase (5)	151.24	+4.7	12.94	5.29	11.44	144.41	141.25	145.07	146.14	[illegible]
65	Insurance (Life) (10)	140.03	+1.5	—	6.50	—	137.92	138.69	142.86	141.88	[illegible]
66	Insurance (Composite) (7)	131.86	+1.6	—	6.47	—	129.78	130.55	133.25	132.67	[illegible]
67	Insurance Brokers (10)	345.25	+0.8	14.06	4.24	10.19	342.38	339.95	350.86	350.35	[illegible]
68	Merchant Banks (14)	80.82	+1.9	—	5.96	—	79.32	78.86	79.74	79.87	[illegible]
69	Property (31)	224.44	+1.4	3.00	3.12	64.36	221.35	221.77	223.11	220.83	[illegible]
70	Miscellaneous (7)	105.80	+1.0	24.69	7.50	5.60	104.76	107.15	107.90	107.64	[illegible]
71	Investment Trusts (50)	204.50	+0.6	3.23	4.71	30.99	203.23	204.81	206.57	205.23	[illegible]
81	Mining Finance (4)	94.01	+1.0	17.58	7.32	6.97	93.10	92.97	93.07	93.57	[illegible]
91	Overseas Traders (19)	314.06	−0.8	15.38	6.58	8.12	311.49	311.41	314.17	310.93	[illegible]
99	ALL-SHARE INDEX (673)	216.32	+1.1	—	5.43	—	214.02	213.75	217.03	216.28	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Thur. May 11	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	105.53	−0.02	—	3.63
2	5-15 years	116.16	—	—	2.44
3	Over 15 years	120.13	—	—	4.97
4	Irredeemables	129.67	—	—	6.08
5	All stocks	113.22	−0.01	—	3.97

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Thur. May 11	Wed. May 10	Year ago (approx.)
1	Low Coupons	5 years	8.54	8.51	[illegible]
2		15 years	10.90	10.89	[illegible]
3		25 years	11.44	11.43	[illegible]
4	Medium Coupons	5 years	10.86	10.84	[illegible]
5		15 years	12.13	12.12	[illegible]
6		25 years	12.31	12.30	[illegible]
7	High Coupons	5 years	11.26	11.25	[illegible]
8		15 years	12.67	12.67	[illegible]
9		25 years	13.05	13.03	[illegible]
10	Irredeemables		11.23	11.22	[illegible]

		Thursday, May 11 Index No.	Thursday, May 11 Yield %	Wed. May 10	Tuesday May 9	Monday May 8	Friday May 5	Thurs. May 4	Wed. May 3	Tuesday May 2	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.70	†12.87	57.68	57.77	57.87	58.43	58.43	58.45	58.45	56.11
16	Investment Trust Prefs. (15)	52.26	13.59	52.40	52.46	53.27	54.23	54.29	54.99	54.84	60.3[illegible]
17	Coml. and Indl. Prefs. (20)	70.32	12.99	70.35	70.59	71.25	71.05	71.23	71.17	70.81	72.[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

NEL Pensions Ltd.

Milton Court, Dorking, Surrey 5911

Nelex Eq. Cap	77.4	81.4		—
Nelex Eq. Accum	112.9	118.8	+0.1	—
Nelex Money Cap	60.8	64.0		—
Nelex Mon. Acc	64.1	67.4		—
Nelex Gth Inc Acc	47.4	49.8		—
Nelex Gth Inc Cap	47.9	50.4		—
Nel Mxd Fd Cap	47.7	50.2		—
Nel Mxd Fd Acc	47.9	50.4		—

Next Sub Day May 25

For New Court Property see under Rothschild Asset Management

Jardine Fleming & Co. Ltd.

46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	$HK240.99	......	3.00
Jardine J'pn. Fd.*	$HK321.35	......	0.90
Jardine S.E.A.	$HK13.52	......	2.30
Jardine Flem.Int.†	$HK9.46		—

NAV April 28. *Equivalent $U.S.60.36
Next sub. May 15

Keyselex Mngt., Jersey Ltd.

PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

Fonselex	Fr1,408	1,500	...	2.90
Bondselex	Fr121.80	127.75		—
Keyselex Int'l.	£6.35	7.19		4.17
Keyselex Europe.	£3.86	4.34	+0.07	3.80
Japan Gth. Fund	$US23.51	25.79	-0.20	—
Keyselex Japan	£11.46	12.51		—
Cent. Assets Cap.	£132.67		+0.03	...

30, Gresham Street, EC2. 01-600 4555

Cnv.Bd.Fd. May 10.	$US9.54	-0.02	—
Energy Int. May 10.	$US16.83	+0.05	—
Gr.St.$Fd. Apr.30	$US6.85	.....	—
Mr.Eur.May 10	$US10.35 10.40	.....	—

Warburg Invest. Mngt. Jrsy. Ltd.

1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. April 27	$US12.26	12.57	.....	—
CMT Ltd. April 27	£12.35	12.66	.....	—
MetalsTst.April 20	£11.44	11.72	..	—
TMT April 13	$US9.55	9.80	.....	—
TMT Ltd. April 13	£9.74	9.99	...	—

World Wide Growth Management♦

10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd | $US13.91 | ...... | —

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Banks Ltd	9 %	■ Hill Samuel	§ 9 %
American Express Bk.	7½%	C. Hoare & Co.	† 9 %
Amro Bank	9 %	Julian S. Hodge	10 %
A P Bank Ltd	9 %	Hongkong & Shanghai	9 %
Henry Ansbacher	9 %	Industrial Bk. of Scot.	7½%
Banco de Bilbao	9 %	Keyser Ullmann	9 %
Bank of Credit & Cmce.	9 %	Knowsley & Co. Ltd.	11½%
Bank of Cyprus	9 %	Lloyds Bank	9 %
Bank of N.S.W.	9 %	London Mercantile	9 %
Banque Belge Ltd.	9 %	Edward Manson & Co.	10½%
Banque du Rhone	9½%	Midland Bank	9 %
Barclays Bank	9 %	■ Samuel Montagu	9 %
Barnett Christie Ltd.	8½%	■ Morgan Grenfell	9 %
Bremar Holdings Ltd.	10 %	National Westminster	9 %
Brit. Bank of Mid. East	9 %	Norwich General Trust	9 %
Brown Shipley	9 %	P. S. Refson & Co.	9 %
Canada Perm't. Trust	9 %	Rossminster Accept'cs	9 %
Capitol C. & C. Fin. Ltd.	8½%	Royal Bk. Canada Trust	9 %
Cayzer Ltd.	9 %	Schlesinger Limited	9 %
Cedar Holdings	9½%	E. S. Schwab	10½%
Charterhouse Japhet	9 %	Security Trust Co. Ltd.	10 %
Choulartons	9 %	Shenley Trust	9½%
C. E. Coates	10 %	Standard Chartered	9 %
Consolidated Credits	7½%	Trade Dev. Bank	9 %
Co-operative Bank	* 9 %	Trustee Savings Bank	9 %
Corinthian Securities	9 %	Twentieth Century Bk.	10 %
Credit Lyonnais	9 %	United Bank of Kuwait	7½%
The Cyprus Popular Bk.	9 %	Whiteaway Laidlaw	9½%
Duncan Lawrie	* 9 %	Williams & Glyn's	9 %
Eagil Trust	9 %	Yorkshire Bank	9 %
English Transcont.	9 %		
First London Secs.	9 %		
First Nat. Fin. Corpn.	10 %		
First Nat. Secs. Ltd.	9½%		
Antony Gibbs	9 %		
Greyhound Guaranty	9 %		
Grindlays Bank	‡ 9 %		
Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%. 1-month deposits 6½%.
† 7-day deposits on sums of £10,000 and under 6%, up to £25,000 6½% and over £25,000 6¾%.
‡ Call deposits over £1,000 6%.
§ Demand deposits 6¼%.
¶ Rate also applies to Sterling Ind. Secs.

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 477-482

INSURANCE BASE RATES

† Property Growth	9¼%
† Vanbrugh Guaranteed	8¼%

† Address shown under Insurance and Property Bond Table

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102 13/16	100½	Treasury 10½pc '78‡‡	100½	−⅛	10.46	8.52
99⅝	98⅝	Exch. 5pc '76-78‡‡	98⅝		5.07	8.67
105⅛	102	Treasury 11½pc '79‡‡	102	.....	11.27	8.86
97	94¾	Treasury 3pc '79‡‡	95	−⅛	3.16	6.92
97⅞	95⅛	Electric 4¼pc '74-79	95¾	−⅛	4.44	7.53
104 11/16	101	Treasury 10½pc '79‡‡	101 1/16	+1/16	10.39	9.67
96½	94¾	Electric 3½pc '76-79	95½xd	−⅛	3.66	6.67
103⅛	98⅛	Treasury 9pc 1980‡‡	98 13/16	−1/16	9.11	9.70
102 13/16	99⅝	Treasury 9½pc '80‡‡	99 11/16xd	−1/16	9.53	9.67
95⅛	92⅞	Treasury 3½pc '77-80	93½xd	.....	3.76	6.90
96½	94	Funding 5¼pc '78-80‡‡	95xd	−⅛	5.53	7.90
110¼	105 3/16	Exchequer 13pc 1980‡‡	105 3/16xd	−1/16	12.36	10.60
106¼	101 11/16	Treasury 11½pc 1981‡‡	101 11/16	−1/16	11.31	10.73
91⅝	88⅝	Treasury 3½pc 1979-81	89¼	−⅛	3.92	7.89
101¼	98 1/16	Treasury 9¾pc 1981‡‡	98⅛	+1/16	9.94	10.50
97 7/16	94 7/16	Exch. 8¼pc 1981	94 7/16xd	−1/16	8.74	10.42
100¼	96 7/16	Exch. 9½pc 1981	96 7/16	−1/16	9.84	10.78
87 11/16	86¼	Exch. 3pc 1981	86½	−⅛	3.48	7.83
96 13/16	96¼	Treas. Variable '81‡‡	96½xd	+1/16	6.36	10.09
111	105⅛	Exch. 12¾pc 1981‡‡	105⅛xd	−1/16	12.13	10.95
99⅛	93⅞	Treas. 8½pc '80-82‡‡	93⅞	.	9.05	10.53
86⅝	83¾	Treasury 3pc '82‡‡	84⅛	−⅛	3.57	7.96
115⅞	109	Treasury 14pc '82‡‡	109 1/16	+1/16	12.84	11.02
96	95⅛	Treas. Variable '82‡‡	95 7/16xd	.....	6.80	8.91
96⅛	91 9/16	Treasury 8¼pc '82	91 9/16	−1/16	9.01	10.82
100¼	94 7/16	Exch. 9¼pc 1982	94 7/16	−1/16	9.79	10.86
96 13/16	92 1/16	Exch. 8¾pc 1983	92 1/16	−1/16	9.49	10.92
85¼	80⅝	Exch. 3pc '83	80⅝	−⅛	3.72	7.94
114¼	103½	Treasury 12pc 1983‡‡	103½	.....	11.59	11.03
		Five to Fifteen Years				
100¼	95¾	Treasury 9¼pc '83	96¼	....	9.91	10.96
89⅝	84¼	Funding 5½pc '82-84‡‡	84½	.....	6.65	9.49
96⅞	91⅞	Treasury 8¾pc '84-86‡‡	92	.....	9.53	10.51
87⅝	79	Funding 6½pc '85-87‡‡	79¼	.....	8.22	10.10
89⅝	82¼	Treasury 7¾pc '85-88‡‡	83¼	.....	9.51	10.87
68⅝	61¼	Transport 3pc '78-88	62⅞	.....	4.89	8.86
75⅝	65⅝	Treasury 5pc '86-89	65¾	.....	7.65	10.19
115¼	107⅞	Treasury 13pc 1990‡‡	108¼	.....	12.49	12.32
89⅛	78⅞	Treasury 8¼pc '87-90‡‡	78⅞xd	.....	10.36	11.40
106½	98⅞	Treasury 11¾pc 1991	99⅛	.....	12.31	12.46
75⅛	64⅞	Funding 5¾pc '87-91‡‡	64⅞	.....	8.94	10.91
112⅝	103¼	Treasury 12¾pc '92‡‡	104¾	.....	12.64	12.60
96⅛	85½	Treasury 10pc 1992	87¼	.....	11.76	12.26
113	99	Exch. 12¼pc '92	100⅛	.....	12.55	12.61
		Over Fifteen Years				
110⅝	101	Treasury 12½pc '93‡‡	103	..	12.63	12.65
72⅛	62¼	Funding 6pc 1993‡‡	62⅞	.....	9.77	11.36
120¼	105⅜	Treasury 13¾pc 1993‡‡	105¾xd	....	12.95	12.82
128⅞	113⅛	Treasury 14½pc '94‡‡	113¼	.....	13.08	12.86
114⅛	100¼	Exch. 12½pc 1994	101	.....	12.72	12.74
89⅞	78	Treasury 9pc '94‡‡	78¼xd	.....	11.48	12.04
106¼	98¼	Treasury 12pc '95	98⅞	.....	12.58	12.66
51⅞	44¼	Gas 3pc '90-95	44¾	.....	6.72	9.72
95	85¾	Exch. 10¼pc 1995	86⅞	.....	12.15	12.47
114⅛	99½	Treasury 12¾pc '95‡‡	100xd	.....	12.74	12.73
90½	78⅛	Treasury 9pc '92-96‡‡	78⅛	.....	11.70	12.19
131½	115⅝	Treasury 15¼pc '96‡‡	116	.....	13.19	12.98
117⅞	102⅞	Exchequer 13¼pc '96‡‡	103xd	.....	12.85	12.80
50	43⅞	Redemption 3pc 1986-96	43⅞	.....	6.89	9.59
115¼	106½	Treasury 13¾pc '97‡‡	107	.....	12.86	12.81
98⅛	86½	Exchequer 10½pc 1997	87⅝	.....	12.31	12.54
88¼	76⅛	Treasury 8¾pc 1997‡‡	76⅛	.....	11.72	12.17
72¼	61⅛	Treasury 6¾pc '95-98‡‡	61⅛	.....	11.03	11.87
135⅜	119¾	Treas. 15½pc '98‡‡	119¾	.....	13.14	12.96
30	28¾	Exch. 12pc '98 (£30pd)	28¾	.....	12.69	12.75
90½	82⅛	Treasury 9½pc 1999‡‡	82⅝	.....	11.94	12.22
96¼	84	Treasury 10½pc 1999	84¾xd	.....	12.36	12.55
42½	37½	Funding 3½pc '99-04	37½	.....	9.62	10.89
80⅞	68⅞	Treasury 8pc '02-06‡‡	69⅛	.....	11.71	11.92
58⅜	48¾	Treasury 5½pc '08-12‡‡	49⅛	....	11.42	11.66
76⅝	67⅞	Treasury 7¾pc '12-15‡‡	68⅛	.....	11.76	11.85
		Undated				
37⅛	33⅛	Consols 4pc	33⅛	....	12.49	—
37⅛	32⅛	War Loan 3½pc‡‡	32⅛xd	.....	10.83	—
39¼	33	Conv. 3½pc '61 Aft.	34⅞	.....	10.15	—
28⅝	24⅜	Treasury 3pc '66 Aft.	24⅜	.....	12.46	—
24⅛	21	Consols 2½pc	21	.....	12.05	—
24	20¼	Treasury 2½pc	20¼	.....	12.52	—

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

AMERICANS—Continued

S.E. List Premium 47¾% (based on $US1.8215 per £)

Conversion factor 0.6822 (0.6817)

CANADIANS

S.E. List Premium 47¾% (based on $2.0342 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Cont.

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1978 High	1978 Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's	P/E
41	32	L.K. Ind'l Invs.	39	.....	2.60	φ	10.5	↑
*73	37	L.R.C. Int. 10p	40	.....	12.23	2.6	8.4	7.2
68	53	Lawtex	60	.....	2.91	4.8	7.4	4.2
153	126	Lead Inds. 50p	148xd	.....	7.37	q2.5	7.5	6.4
105	99	Leadenhall Sterling	105	.....	4.09	φ	5.9	φ
49	38	Le Bas (Ed.)	41	.....	†1.65	—	6.1	—
56	43½	Lebus H. Fobel 10p	51	−1½	†1.62	2.5	4.8	12.6
70	46	[illegible]	51	.....	3.27	2.9	9.7	(4.1)
166	134	[illegible]	147	.....	6.55	1.5	5.7	17.9
120	102	[illegible]	118	.....	†h4.03	b2.2	5.2	13.5
245	235	[illegible]	238	+3	†3.1	8.9	2.0	6.0
75	57	[illegible]	75	+3	2.90	φ	6.0	φ
168	98	[illegible]	132	+2	b5.39	2.4	6.2	8.6
24½	15	[illegible]	20½	−½	—	0.00	—	—
47	32	[illegible]	40xd	−1	3.00	φ	11.4	φ
151	1[illegible]	[illegible]	142	.....	9.0	2.0	9.6	7.4
29½	24	[illegible]	29	.....	620	2.4	10.4	6.0
38	34	[illegible]	37xd	.....	c1.58	5.8	6.5	3.3
64	52	[illegible]	59	.....	†d3.46	3.7	9.0	3.3
85	65	[illegible]	64	.....	4.63	2.3	8.4	6.0
176	165	Low & Bonar 50p	175	.....	10.89	2.5	9.4	5.0
70	54	[illegible]	59xd	.....	†2.14	3.9	5.5	5.3
21	15	[illegible]	20	.....	1.80	1.1	13.6	(9.3)
103	40	McCarthy [illegible] 20p	98	.....	3.94	4.1	6.1	4.7
65	40	Macfarlane [illegible]	62	.....	3.84	φ	9.4	φ
425	315	McBride [illegible] 10p	420	.....	4.90	φ	1.8	φ
15	10	[illegible]	15	.....	0.25	—	2.5	—
62	55	[illegible]	61	.....	2.64	3.7	6.5	6.2
66	58	[illegible]	64	.....	†h2.19	1.5	7.6	13.4
91	73	[illegible]	91	+5	d2.70	6.5	4.5	5.2
79	70	[illegible]	72	.....	5.61	2.7	11.8	4.8
222	196	[illegible]	220	.....	15.56	1.3	11.2	10.2
20	17	Marling Ind. 10p	18	.....	dh0.92	2.2	7.7	9.1
49	33	[illegible]	46xd	+1	d2.49	4.7	8.2	3.0
168	134	Marshall's Univ.	156	+2	7.02	φ	7.0	φ
59	45	Martin-Black	56xd	.....	4.00	—	10.8	—
£101	£96½	Mathesons [illegible]	£100	−1	Q7¼%	2.3	18.0	—
136	120	Maynards 25p	136	.....	†4.36	4.0	5.1	7.0

INSURANCE—Continued

1978 High	1978 Low	Stock	Price	+ or —	Div Net
606	511	Sun Alliance £1	538	+10	20.15
108	93	Sun Life 5p	102xd	+1	13.42
957	679	Taisho Mar. EDR	861	.....	Q10%
165	155	Trade Indemnity	165	.....	8.47
£28½	£17⅝	Travelers $2.50	£26¾xd	−½	Q$1.65
303	257	Willis Faber	267xd	+5	9.0

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1978 High	1978 Low	Stock	Price	+ or —	Div Net
30	20	Brit. Leyland 50p	23xr	.....	—
272	185	Gen. Mtrs. Units	250xd	.....	Q34c
53	37	Lotus Car 10p	48	+2	—
7	5½	Reliant Mtr. 5p	6½	.....	—
93	63½	Rolls-Royce Mtrs.	93	+2	M5.16
£14½	762	Volvo Kr50	£14½	.....	Q12%

Commercial Vehicles

1978 High	1978 Low	Stock	Price	+ or —	Div Net
120	82	E.R.F. (Hldgs.)	107	−1	h2.17
63	49	Fodens (50p)	59	.....	§3.25
12½	9	Peak Invests. 10p	9½	−½	0.5
77	57½	Plaxtons	77	.....	h3.25
73	55	York Trailer 10p	68	.....	d2.14

Components

1978 High	1978 Low	Stock	Price	+ or —	Div Net
58	46	Abbey Panels	56	.....	d2.64
80	63	Airflow Stream	80	+1	†4.47
67	55	Armstr'ng Eq. 10p	65½	+½	†2.04
125	109	Assoc. Eng'g	121	+1	4.69
131	88	Automotive	130	.....	2.04
70	56	Bluemel Bros.	66	.....	3.67
24	20¼	Brown Bros. 10p	23	.....	‡1.06

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	170	.....	Q50c	1.3	25.1
24	17	Rhod'n Corp. 16⅔p.	17	.....	0.56	φ	5.0
73	52	Roan Cons. K4	68	.....	—	—	—
147	122	Tanganyika 50p	141	.....	Q11.0	1.1	7.8
80	78	Do. Pref. 80p.	80	.....	Q9%	16.4	9.0
41	32	Wankie Col. Rh 1	36	.....	†Q7½c	1.4	17.8
15	10	Zam.Cpr.SBD0.24	14	.....	—	—	—

AUSTRALIAN

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
12	10	Acmex 25c	10	.....	—	—	—
113	64	Bougainville 50 Toea	106	−1	Q8c	1.4	4.7
78	63	BH South 50c	73	−1	—	—	—
217	148	Conzinc Riotinto 50c	206	.....	Q10c	2.2	3.0
72	48	G.M. Kalgoorlie $1.	54	.....	—	—	—
136	81	Hamptn Areas 5p	119	+1	1.45	4.1	1.8
17	10	Metals Ex. 50c	14	.....	—	—	—
187	125	M.I.M. Hldgs. 50c	180	−2	Q9c	1.7	3.1
24	10	Mount Lyell 25c	20	−2	—	—	—
4½	1½	Newmetal 10c	4½	+¼	—	—	—
112	79	North B. Hill50c.	105	−3	Q8c	1.5	4.7
11½	8½	Nth. Kalgurli	9	.....	—	—	—
156	117	Oakbridge $A1	146	−3	†Q11c	1.9	4.7
40	30	Pacific Copper	34	.....	—	—	—
£11¼	750	Pancont'l 25c	£11	.....	—	—	—
19½	12	Paringa M&Ex.5p	19½	+1½	—	—	—
480	310	Peko-Wallsend 50c	438	−4	Q15c	4.0	2.1
122	84	Westn. Mining 50c	113	−1	Q6c	1.4	3.3
50	35	Whim Creek 20c	40	.....	—	—	—

TINS

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	27	.....	†2.51	1.6	14.1
355	240	Ayer Hitam $M1	355	.....	‡Q16.7c	0.9	‡
55	45	Beralt Tin	52	.....	3.75	φ	11.5
275	200	Berjuntai $M1	275	.....	‡Q110c	φ	‡
145	111	Geevor	140	−5	h4.51	3.4	4.9
10	8½	Gold & Base 12½p	9	−½	—	—	—
270	220	Gopeng Cons.	260	+5	15.0	0.9	8.9
160	130	Hongkong	160	.....	—	—	—
93	78	Idris 10p	87	+2	7.5	φ	13.1
11	10	Jantar 12½p	11	.....	—	—	—
73	68	Kamunting $M0.50	68	−1	‡Q15.5c	0.7	4.9
470	450	Killinghall	470	+10	Q125	φ	26.7
355	280	Malay Dredging $M1	355	.....	†Q95c	0.8	5.8
56	40	♠Pahang	56	.....	‡Q3.75c	0.5	‡
62	50	Pengkalen 10p	62	+2	6.5	1.3	15.9
195	165	Petaling $M1	195	.....	mQ12½c	10.9	1.4
61	49	Saint Piran	56	+2	g1.99	4.6	5.4
61	47	South Crofty 10p	57	.....	b4.13	1.5	11.0
190	140	South Kinta $M0.50	190	.....	‡Q77.8c	1.4	8.8
280	230	Sthn Malayan $M1	270	.....	‡Q113c	1.1	10.4
198	134	Sungei Besi $M1	198	.....	—	—	—
75	55	Supreme Corp. $M1	75	+3	‡Q10c	—	2.9
100	85	Tanjong 15p	90	.....	6.5	φ	10.9
95	74	Tongkah Hrbr. $M1	95	.....	Q6.82%	1.6	12.9
202	148	Tronoh $M1	200	−2	‡Q88c	φ	9.5

COPPER

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
96	70	Messina R0.50	80	−3	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
17	9	Burma Mines 17½p.	17	+1	—	—	—
300	220	Cons. Murch. 10c	240	.....	Q30c	2.6	7.5
385	245	Northgate C$1	355	+15	—	—	—
210	164	R.T.Z.	206xd	+3	9.5	2.8	7.0
46½	30	Sabina Inds. C$1	34	.....	—	—	—
£11	750	Tara Expltn. $1	£10	.....	—	—	—
45	43	Tehidy Minerals 10p	44xd	+1	1.33	φ	4.6
162	120	Yukon Cons. C$1	154	.....	Q7c	φ	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —
Albany Inv. 20p	23	.....
Ash Spinning	45	.....
Bertam	22	.....
Bdg'wtr. Est. 50p	270	−2
Clover Croft	22	.....
Craig & Rose £1	420	.....
Dyson (R. A.) A	41	.....
Ellis & McHdy.	62	−3
Evans Fr'k. 10p	57¢	.....
Evered	15	.....
Fife Forge	50	.....
Finlay Pkg. 5p	19½	.....
Graig Ship £1	140	−10
Higsons Brew.	82	.....
I.O.M. Stm. £1	147	.....
Holt (Jos.) 25p	258	.....
N'thn. Goldsmith	55	.....
Pearce (C. H.)	150	.....
Peel Mills	20	.....
Sheffield Brick	48	.....
Sheff. Refrshmt.	52	.....
Sindall (Wm.)	65	.....

IRISH

Stock	Price	+ or —
Conv. 9% '80/82	£91⅝	.....
Alliance Gas	75	.....
Arnott	330	.....
Carroll (P.J.)	87	−1
Clondalkin	100	.....
Concrete Prods.	132	.....
Heiton (Hldgs.)	48	.....
Ins. Corp.	148xc	.....
Irish Ropes	125	.....
Jacob	65	.....
Sunbeam	34	.....
T.M.G.	190xd	.....
Unidare	95	.....

OPTIONS
3-month Call Rates

Industrials

Stock	Rate	Stock	Rate	Stock	Rate
A. Brew	6½	I.C.I.	23	Tube Invest.	30
A.P. Cement	18	"Imps"	7	Unilever	48
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	10	Inveresk	7	Vickers	15
Barclays Bank	25	KCA	5	Woolworths	6
Beecham	38	Ladbroke	17		
Boots Drug	15	Legal & Gen.	14		
Bowaters	16	Lex Service	7		
B.A.T.	24	Lloyds Bank	22		
British Oxygen	6	"Lots"	5		
Brown (J.)	20	London Brick	5		
Burton 'A'	13	Lonrho	7		
Cadburys	5	Lucas Inds.	25		
Courtaulds	10	Lyons (J.)	13		
Debenhams	10	"Mams"	7		
Distillers	13	Mrks. & Spncr.	11		
Dunlop	8½	Midland Bank	25		
Eagle Star	11	N.E.I.	20		
E.M.I.	16	Nat West Bank	22		
Gen. Accident	17	Do. Warrants	10		
Gen. Electric	18	P & O Dfd.	10		
Glaxo	40	Plessey	9		
Grand Met.	9	R.H.M.	5		
G.U.S. 'A'	18	Rank Org. 'A'	18		
Guardian	18	Reed Intl.	14		
G.K.N.	22	Spillers	4		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

Property

Stock	Rate
Brit. Land	3½
Cap. Counties	5
E.P.	5
Intereuropean	4
Land Secs.	18
MEPC	12½
Peachey	10
Samuel Props.	10
Town & City	2

Oils

Stock	Rate
Brit. Petroleum	35
Burmah Oil	7
Charterhall	3½
Shell	28
Ultramar	22

Mines

Stock	Rate
Charter Cons.	12
Cons. Gold	20
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page.

FINANCIAL TIMES
Friday May 12 1978

Lonrho chief 'given assurance by Owen'

By Andrew Taylor

MR. "TINY" ROWLAND, chief executive of Lonrho said yesterday that he had been given what he regarded as a personal assurance by Dr. David Owen, Foreign Secretary, that Lonrho would not have to face charges as a result of a Department of Trade report into the company published two years ago.

Fraud Squad officers last week asked Lonrho to release certain documents relating to matters involving alleged sanctions busting in Rhodesia.

Mr. Rowland said the Foreign Office had asked him to attend a meeting with Dr. Owen about a year ago to discuss Rhodesia and the question of Lonrho's case against oil companies alleging sanction busting. He had told the Foreign Office that he could not attend such a meeting while a cloud was still over his company.

He had subsequently received assurances from a senior Foreign Office official and Dr. Owen that no charges would be brought against Lonrho as a result of the Department of Trade report. He denied, however, that there was deal between himself and the Foreign Secretary.

Cleared

"I did not say that I wanted him (Dr. Owen) to speak to the Director of Public Prosecutions and get them to drop any charges against us. I just said that I could not attend a meeting until that happened—but when and if it happened I would be happy to attend a meeting."

He was later told by a senior Foreign Office official that the Attorney General's office had said that Lonrho had been cleared and that no charges would be brought. Mr. Rowland said Dr. Owen subsequently had said that a statement would be made in "weeks rather than months" and that he regarded this as a personal assurance from the Foreign Office and Dr. Owen that no charges would be brought.

After that assurance he met Dr. Owen for discussions about Rhodesia and Lonrho's sanctions charges brought against oil companies He had not actively taken part in the negotiations but he felt that his discussion with the Foreign Secretary had been of assistance.

The Foreign Office last night denied that Dr. Owen had given any personal assurance or guarantee thta Lonrho would not have to face charges as a result of the report.

Dr. Owen would have had no way of knowing what charges if any might be brought against Lonrho.

Mr. Rowland confirmed that Fraud Squad officers had asked Lonrho to release certain documents relating to events which had occurred in 1967. He said that he was very surprised that this should have happened.

This latest development has occurred at a crucial point in Lonrho's battle to take over Scottish and Universal Investments. Mr. Roy Hattersley is due to announce early to-day whether or not he intends to refer the bid to the Monopolies Commission.

Security

Clearly the disclosure that the Fraud Squad had visited Lonrho will not aid Mr. Rowland's cause. He yesterday asked the Foreign Secretary to appear with him on television so that the issue of Lonrho, Rhodesia and the alleged assurances given by the Foreign Office can be cleared up.

Ironically the man who until recently was in charge of Fraud Squad investigations into possible sanctions busting by Lonrho former Det. Chief Supt. Kenneth Etheridge has recently joined Lonrho to look after security matters.

Mr. Etheridge said that while he was in charge of his part of the Lonrho investigation the Fraud Squad had been told not to investigate the question of sanctions busting and that he would not have joined Lonrho if he had thought that this issue would be raised.

Meanwhile, Lonrho's bid for SUITS, which values the company at around £40m., is due to close to-day. Lonrho earlier this week said that it stake in SUITS had increased to around 40 per cent.

DUTCH MOVE FOR NEW SAFEGUARDS REJECTED

U.K. stands firm on Brazil nuclear deal

BY DAVID FISHLOCK, SCIENCE EDITOR

THE DUTCH Government has been told firmly that Britain and West Germany will not ask Brazil to add fresh safeguard clauses to the £100m. Urenco contract to supply Brazil with nuclear fuel.

It was confirmed by No. 10 Downing Street last night that Mr. James Callaghan had replied to a letter from Mr. Andreas van Agt, the Dutch Prime Minister, seeking tighter safeguards on the Brazilian contract.

Britain, West Germany and Holland are partners in Urenco, a uranium enrichment company set up in 1970 to develop and exploit the gas centrifuge method of enrichment.

The Brazilian contract, signed last year after receiving formal approval from all three countries, is to enrich Brazil's uranium for its first two German-designed nuclear stations, starting in 1981.

But the Dutch Parliament has persistently refused to approve the terms safeguarding any future use Brazil may make of plutonium separated from the spent nuclear fuel.

In his letter Mr. Callaghan suggests an interpretation of the contract which might prove acceptable to the Dutch—if in fact they wish to remain partners in the Urenco project.

This is understood to relate to the storage under international surveillance—possibly in Britain—of any plutonium Brazil might separate from the spent fuel by reprocessing. West Germany has undertaken to help Brazil develop a pilot reprocessing plant, although the earliest date that this plant could be on-stream is thought to be 1985-86.

Britain and Germany appear to be acting in comlete accord, and the Dutch are expecting a reply in similar terms from Chancellor Helmut Schmidt.

Neither country is anxious to display too publicly the irritation felt privately at the long and frustrating dipolmatic efforts undertaken to persuade the Dutch to honour the contract.

Equally, neither is anxious to see the Dutch withdraw from Urenco, not least because it would suggest protracted negotiations to unravel the Almelo Treaty setting up the consortium.

But the Germans have taken steps to prepare for the possibility of Dutch withdrawal, in selecting a site for a new enrichment plant as close as possible to the Dutch site at Almelo, where both countries have plants at present.

Chinese accuse Russians of raid

By John Hoffman

PEKING, May 11.

CHINA has protested strongly to the Soviet Union over an alleged military incursion into north-eastern China last Tuesday.

The Chinese claim that 30 Soviet troops crossed the Ussuri River border into Heilungkiang Province firing at, and wounding, a number of Chinese peasants.

The note alleges that the Soviet troops landed in military boats, penetrated 2½ miles into Chinese territory and seized 14 people, who were beaten before being released. It claims also that a Soviet helicopter violated Chinese air space at the same time.

The incident is the worst for several years and breaks an uneasy truce on the frontier, where Sino-Soviet antagonism has run hot and cold since the first bitter clashes in 1969

To-day's note of protest is vigorously worded. Referring to the Heilungkiang incident as "atrocities of the Soviet troops" and "an organised military provocation against China," it demands a guarantee that no similar incident will occur in future. "Otherwise," it warns, "the Soviet side must bear full responsibility for the consequences."

The Chinese Vice-Minister of Foreign Affairs, Mr. Yu Chan, this afternoon handed a note to the Soviet Ambassador in Peking, Mr. V. S. Tolstikov, demanding an apology and punishment for "the culprits who created this incident of bloodshed."

It comes within two weeks of the re-opening of drawn-out negotiations between Russian and Chinese officials on the border issue—a point that the Chinese Foreign Ministry did not miss in its note to Ambassador Tolstikov.

The talks opened nine years ago in an effort to find a peaceful solution to a dispute which is rooted in differing interpretation of 19th century territorial treaties between the two countries. Little progress has been made in that time. Neither side has made concessions.

Tense relations, Page 6

U.S. tanker order expected by British Shipbuilders

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITISH Shipbuilders is on the point of finalising a U.S. oil company order for an 80,000 deadweight ton tanker, but has told the Government that future orders could be in jeopardy because of delays in renewing the shipbuilding intervention fund.

Only about £8m. remains from the £65m. fund set up over a year ago to help offset British yards' lack of price competitiveness with Far East builders. Most of this sum will be required to subsidise the tanker order, which would represent a considerable achievement for British Shipbuilders and is likely to be worth almost £20m.

Japanese yards are quoting prices of not much more than half this level for similar vessels and this is the price gap the intervention fund will be required to close, at least partially.

Technically, the old fund expired at the end of March, although the EEC recently agreed that remaining funds could be carried over until next month. However, Brussels has engaged in protracted negotiations over the new fund, which it is prepared to sanction only if Britain provides evidence that it has plans to restructure its industry.

British Shipbuilders, although working on a corporate plan which is certain to involve yard closures, so far has not presented any such plan and Ministers have rejected publicly the idea of planned cuts in capacity.

The corporation is seeking a new fund of about £90m. but, going on the experience of last year's negotiations, this may well not be sanctioned before the end of the summer.

Whitehall does not believe that such a delay necessarily presents problems in supporting orders received by British Shipbuilders in the interim, but the corporation seems not to be convinced.

Shuttle work

Officials from British Shipbuilders have completed details of a financial and credit package for the U.S. tanker contract and an announcement is expected within the next few weeks.

The British group's success has been achieved despite the U.S. shipbuilding industry's highly-favoured position in attracting orders from its own shipowners.

The explanation is probably that the vessel will be used as a shuttle in one of the North Sea oilfields, although it would also be well suited for American coastal work. The Department of Energy has been applying strong pressure on U.S. companies working in the North Sea to persuade them to buy British marine equipment.

A decision has not been taken on which of British Shipbuilders' yards would get the order but sympathetic consideration is bound to be given to Swan Hunter.

Since losing its share of the £115m. Polish order, the Tyneside group has resolved its deep-seated pay differentials problems and now would be in a position to give the undertakings of normal working required by British Shipbuilders.

The first men have started to leave Swan Hunter in the programme of over 1,100 redundancies forced in the wake of losing the Polish ships—and more jobs will certainly be lost later this year if new work is not forthcoming.

There is a great deal of bitterness on the Tyne that the yard workers, having sorted out their inter-union squabbles, are still in this position. British Shipbuilders is well aware of the need to dampen this ill-feeling by obtaining orders, especially orders with a high volume of steelwork rather than complicated outfitting. An oil tanker fits this requirement.

Accountants act on standards

BY MICHAEL LAFFERTY

TWO MAJOR initiatives were launched yesterday by the principal U.K. accounting bodies in an effort to meet recent criticisms of the profession and to preserve self-regulation.

The chartered and certified accountants' bodies announced that they were accepting the recommendations of a committee chaired by Mr. John Grenside, senior partner of chartered accountants Peat Marwick Mitchell, which entail a radical strengthening of the profession's procedures for dealing with disciplinary matters.

In addition, the profession's Auditing Practices Committee, after a series of long delays, has issued a preview of the draft audit standards it will be publishing on May 24

The Grenside committee proposals, to be implemented next year assuming other necessary agreements are obtained, will give the accountancy bodies power for the first time to discipline accountants and accountancy firms for bad workmanship. At present, they can take action only in cases of gross inefficiency and incompetence by individual accountants.

A joint disciplinary procedure will be established for the three main accounting bodies, with lay representation at all levels.

It will be costly to operate, and the Grenside report makes provision for annual contributions from the professional bodies of £500,000.

This will be financed by a flat levy of £2 per accountant, with an additional levy on each partner in every U.K. accounting firm—varying from £5 per partner in a two- to three-partner firm to £50 per partner in firms with over 50 partners. In the case of Peat Marwick, for example, the partner levy would cost a total of £7,000.

Mr. Grenside yesterday said that implementation of his committee's report, which must yet be approved by a two-thirds majority of accountants in each institute and then receive clearance from the Privy Council, was "an essential step to remove the erosion of public confidence in the profession which has been going on for the past few years."

Pointing out that the scheme did not include provision for subpoena powers, he said these would not be granted by the Government. So the accountancy bodies would have to do their best without them.

The preview of the Auditing Practices Committee's draft audit standards comes in the committee's bulletin, True and Fair. It says that the move has been made "partly to satisfy our critics in political circles and outside who accuse us of not setting down clearly what an auditor is supposed to do."

True and Fair says there will be no rush to make the audit standards permanent, although it admits: "One day we shall wonder how we ever managed without them."

Details, Page 11

GEC subsidiary's pay promise

BY OUR INDUSTRIAL STAFF

GEC-Telecommunications has accepted the Government's pay policy rules as a condition of receiving a State grant towards the extension of a factory in Scotland, even though another company in the group, GEC-Schreiber, is resisting the conditions on a £20m. Merseyside project.

This emerged yesterday as the Government faced a political dispute over its refusal to provide investment aid for the Schreiber project.

Pressed by Mrs. Margaret Thatcher, the Conservative leader, for a statement or a debate on the Government's industrial strategy Mr. Michael Foot, Leader of the Commons, agreed to look in to the possibility of statement.

GEC-Schreiber is resisting demands from the Department of Industry for it to accept pay policy clauses in its financial aid agreement on the Merseyside project which could create 1,000 jobs. But its telecommunications subsidiary has accepted the clauses for a grant from the Department's equivalent in Scotland, the Scottish Economic Planning Department.

The Schreiber problem, which brought angry reactions from union officials as well as MPs yesterday, has arisen because of the Government's insistence that companies receiving State financial aid or accepting public contracts must sign papers containing clauses which say they will abide by the Government's 10 per cent. pay policy limits throughout their businesses.

Most companies have agreed to do this and there have been no major rows since the Confederation of British Industry ended its talks with the Government over the wording of public contract clauses a few weeks ago. Mr. David Lewis, GEC's vice chairman, played a major role in the Confederation's team at the talks.

Some companies which have complained about the pay policy being tied to investment grants since the system was introduced last autumn have later fallen into line, and there was no sign yesterday of the Government being prepared to soften its stance over GEC.

Sir Arnold Weinstock, managing director of GEC, is believed to be reluctant to go ahead with the Schreiber project—for a furniture factory at Runcorn—if the Government does stand firm. GEC owns 67 per cent. of GEC-Schreiber which has another £20m. project in North Wales that might also be hit.

However, Ministers are likely to feel that Sir Arnold's stance is weakened on the point of principle because of his group's telecommunications subsidiary accepting precisely the same pay policy conditions as those at Schreiber.

It is assumed that Sir Arnold did not know of the telecommunications' decision in advance. Its Scottish project, costing only £700,000 for a factory extension, would not need so much finance as the Schreiber development and so would not necessarily need to go to the top of GEC's London headquarters for approval.

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U.S. money

emerging in financial markets as interest rates rise and the economy recovers from the winter setbacks the Fed linked this mornings announcement of a discount rate increase with a decision aimed at trying to help savings and loan institutions, which finance home loans compete more effectively for funds.

The regulatory agencies—which supervise commercial banks and savings and loan associations—announced that they would allow banks and associations to pay a higher rate of interest to depositors than they are allowed to under current Federal regulations

Weather

U.K. TO-DAY

SUNNY intervals, showers, cool.

London, E., S.E. and Cent. S. England, E. Anglia, Midlands, Channel Islands

Sunny intervals, showers. Max. 14C (57F).

S.W. England, S. Wales, Lakes, N. England

Sunny periods, rain. Max. 13C (55F).

I. of Man, Borders, S. Scotland, N. Ireland

Sunny periods, rain. Max. 12C (54F).

Aberdeen, Cent. Highlands, Moray, N. Scotland, Argyll

Sunny periods, rain. Max. 10C (50F).

Orkney, Shetland

Sunny intervals, rain. Max. 8C (46F).

Outlook: Cold with outbreaks of rain, sunny intervals.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	S	10	50	Madrid	S	21	70
Athens	R	13	64	Manchstr.	C	13	55
Bahrain	S	31	88	Melbourne	R	8	46
Barcelona	S	19	66	Mexico C.	S	25	77
Belfast	C	15	59	Milan	S	20	68
Belgrade	F	11	52	Montreal	S	15	59
Berlin	Sn	4	39	Moscow	C	4	39
Birmghm.	C	12	54	Munich	F	5	41
Bristol	C	15	59	Newcastle	C	14	57
Brussels	S	11	52	New York	S	16	61
Budapest	F	7	45	Oslo	S	12	54
B. Aires	S	19	66	Paris	S	11	52
Cairo	S	33	91	Perth	S	21	70
Cardiff	C	15	59	Prague	R	8	46
Chicago	S	15	59	Reykjavik	C	6	43
Cologne	S	10	50	Rio de J'o	S	30	86
Copnhagn.	S	7	45	Rome	S	18	64
Dublin	S	19	66	Singapore	S	30	86
Edinbrgh.	C	16	61	Stockholm	C	4	39
Frankfurt	S	9	48	Strasbourg	S	10	50
Geneva	S	17	63	Sydney	S	17	63
Glasgow	C	13	55	Tehran	S	29	84
Helsinki	F	9	48	Tel Aviv	S	25	77
H. Kong	C	23	73	Tokyo	R	15	59
Jo'burg	S	27	81	Toronto	S	12	54
Lisbon	S	22	72	Vienna	F	5	41
London	C	14	57	Warsaw	Sn	4	39
Luxembrg.	F	9	45	Zurich	R	6	43

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	S	17	63	Istanbul	C	20	68
Algiers	F	20	68	Jersey	S	15	59
Biarritz	C	15	59	Las Plms.	S	21	70
Blackpool	R	11	52	Locarno	S	17	63
Bordeaux	S	20	68	Majorca	F	22	72
Boulogne	C	13	55	Malaga	S	19	66
Casablnca.	F	24	75	Malta	F	20	68
Cape Town	S	23	73	Nairobi	R	16	61
Corfu	F	17	63	Naples	F	18	64
Dubrovnik	R	12	54	Nice	S	17	63
Faro	S	26	79	Oporto	S	24	75
Florence	S	19	66	Rhodes	F	22	72
Funchal	S	20	68	Salzburg	Sn	4	39
Gibraltar	S	18	64	Tangier	S	21	70
Guernsey	C	13	55	Tenerife	F	15	59
Innsbruck	F	6	43	Tunis	F	20	68
Inverness	R	12	54	Valencia	S	23	73
I. of Man	C	14	57	Venice	Th	11	52

S—Sunny. C—Cloudy. R—Rain. F—Fair. Th—Thunderstorm. S.—Snow.

THE LEX COLUMN

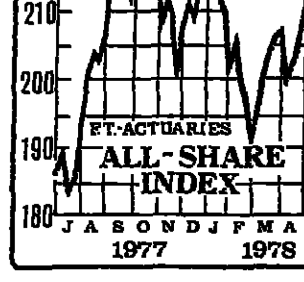
Interest rates in the balance

What is the visting IMF team, which arrived yesterday, to make of it all? Six months ago, when the IMF was last here, the U.K. was suffering only from the problems of financial success. Now monetary policy is a shambles.

As if Tuesday's banking figures were not bad enough the financial markets were last night digesting the surprise announcement that the authorities had got their money supply figures wrong. The revised figures now show that the authorities have badly overshot their 1977-78 money supply targets. Only last month the Chancellor was confidently predicting that the growth of sterling M3 would be under 14 per cent. in 1977-78. It now looks as if it will have been more like 16 per cent. and it is clear that in the first three months of this year the money supply was growing at an annual rate of around 24 per cent. As for the funding programme, the gilt-edged market is currently paralysed while the last days of the May banking month tick away.

The money markets are hanging on grimly, in the hope that this morning will bring the indications of official wishes that were conspicuously absent yesterday. The surprise rise in the U.S. discount rate has added to the uncertainties. For what it is worth, the majority opinion appears to be that there will be no more than a technical adjustment in MLR to 9 per cent. But the situation could look very different after Monday's trade figures.

Index rose 4.9 to 479.9



Burton Group

Interim pre-tax profits of £5m. sent Burton's "A" share price up 8p to 124p, with the group's drastic closure and remodelling process at last producing tangible results. Compared with a loss of £5m. for the full year 1976-77 this is indeed good progress. But on closer inspection there are snags. The pre-tax figure includes £339,000 of property disposal profits, while the Jackson closure provisions taken below the line are £3.9m., significantly more than expected. Moreover sales on the menswear side have proved disappointing in recent weeks, in contrast to the buoyant experience of much of the competition; thus, in 10 weeks to early May, sales are only 1 per cent. up which implies—given further progress in womenswear—a setback in menswear which can only partly be accounted for by shop closures.

The trading image of the Burton shops is still not satisfactory, and the establishment of the new chain of Top Man shops, which could be 30-strong by the end of the calendar year, will involve initial extra costs. So rather than double up for the year to £10m. pre-tax it might be wiser to expect something nearer £7m. This would leave the shares still well ahead of the game, on a fully taxed p/e of around 14.

Burmah Oil

The Treasury is refusing to allow the Bank of England to give up 62 documents to Burmah Oil during the preliminary stages of the action by Burmah over the notorious January, 1975 "rescue" scheme. The Government is able to claim Crown privilege where disclosure would be against the public interest, but it will have to justify its reticence in a court of law. Apparently the documents mostly relate to the confused period during which the Bank was willing to consider a profit-sharing arrangement over Burmah's BP stock, but was overruled by the Treasury. The 62 documents are not necessarily crucial to Burmah's action, however, and with around 3,000 other documents already handed over the case will go ahead—though it may not reach a court until the end of next year.

There is an ironical twist in that the Burmah Board is itself refusing to produce documen[ts] requested by the vocifero[us] Burmah Shareholders Actio[n] Group, which wants a sight [of] the Chase/Orion loan agre[e]ment renegotiated — di[s]astrously, as it turned out—[in] October 1974. The Board's arg[u]ment that a point of principle [is] involved seems rather thin, an[d] it looks suspiciously as thoug[h] the directors are mainly co[n]cerned with keeping BSA[G] under control. If so, it seems [a] pity that the Board and BSA[G] cannot find some way of c[o]operating, and are slowly drift[]ing into confrontation.

P & O

Given P & O's heavy exposur[e] to the unprofitable bulk shi[p]ping business the group's repo[rt] and accounts for 1977 do n[ot] make quite as gloomy readin[g] as might have been expecte[d]. In fact it actually made [a] nominal pre-interest profit o[n] its bulk shipping side an[d] although capital spending mo[re] than doubled to £99m. its n[et] borrowings fell £21m. to £324m although this mainly reflect[s] currency movements.

With capital spending risi[ng] to well over £100m. this ye[ar] and the bulk shipping si[de] moving into losses, P & O borrowings are going to i[n]crease. However, the gro[up] remains relaxed. Profits a[re] almost certainly going to fa[ll] but provided a crisis rise in U.[K.] interest rates does not torpe[do] the property market, Bov[is] should improve its performan[ce] and any recovery in wor[ld] trade should flow throu[gh] quickly to the shipping sid[e]. That, at least, is the argumen[t].

Nevertheless there are sig[ns] that even P&O is slimming its[elf] down. Over the last couple [of] years the size of the gener[al] cargo fleet has fallen consid[er]ably, partly as a result of [the] expansion of Overseas Co[n]tainers Ltd., and the gro[up] appears resigned to a furth[er] contraction in the size of [its] bulk shipping side. Back [in] 1974 the group was claim[ing] that it was going to become [the] largest independent owner [of] LPG tonnage in the world [but] the latest annual report cu[rrently] states that its current comm[it]ment in this area is now ou[t of] balance, and it is investiga[ting] ways of cutting it down to s[ize]. The book value of the LPG fl[eet] is around £150m.—more th[an] the market capitalisation of [the] whole group.

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